FINANCIAL TIMES

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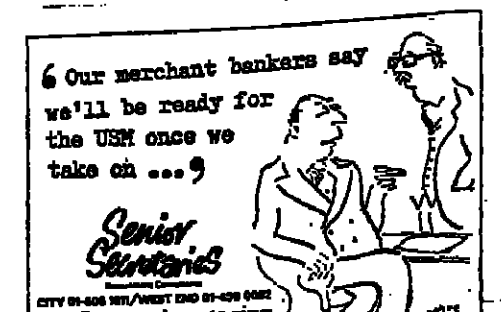


WORLD NEWS

Hurd backs community police policy

Douglas Hurd, Home Secretary yesterday strongly defended community policing and ruled out reverse discrimination to combat racial disadvantage.

In a speech to the Tory Reform Group at the Cambridge Union, he stressed that disturbances in Brixton and the Birmingham district of Handsworth were not race riots and had spread from different sparks. Page 4

Willis attacks ballot aid

Norman Willis, TUC general secretary, gave a hard-line speech against unions accepting state aid for ballots—even from "well-meaning Labour governments. Back Page; Ballot supporters, Page 5

Strike ban 'no solution'

A ban on public sector strikes will not solve problems of public sector pay, Acas chairman Sir Pat Lowry told the Institute of Personnel Management conference in Harrogate. Page 5

U.S. spy convicted

Samuel Morison, a U.S. Navy intelligence analyst, was convicted in Baltimore of espionage through leaking classified information about Soviet military strength to the British Jane's Defence Weekly. Lawyers said he would appeal.

Hodge death inquiries

Police said two men were in custody helping with iniquiries into the death of freelance photographer David Hodge, who was injured in the Brixton riots.

McGlinchey charges

An attempted murder charge was dropped in Dublin against Dominic McGlinchey, former Irish republican leader. He will face three charges, including shooting at a policeman, in court on November 8.

Liverpool pay warning

Liverpool City Council can guarantee paying its 31,000 employees only for the next three weeks, its finance committee chairman said. Page 4

Liner tourists in crash

A coach carrying West German passengers from the Achille Lauro hijack liner crashed near Karlsruhe. Three people, including the co-driver and tour guide, died and 22 were injured.

Assam ban lifted

India lifted a ban on foreign journalists travelling to Assam, imposed in 1983 during violence over illegal settlers from Bangladesh. Yesterday immigrants in the state protested against plans for deportation and loss of voting rights.

Floods kill 51

Fifty-one people died yesterday in monsoon floods in northern India, a news agency reported from New Delhi.

Oil barge explosion

At least 10 men died in an explosion on a barge repairing an offshore oil man in Trinidad and Tobago's Gulf of Paria.

French pilots killed

Two French airforce pilots were killed when their Jaguar aircraft crashed while training in the French Alps.

Basques forgiven

Over 50 Basque exiles, including a former leader of the separatist group ETA, have returned to Spain under a plan to rehabilitate repentant guerrillas, an official said.

Straight pint

A beer hall in Munich, West Germany, was reopened with computerised beer taps to prevent drinks being spilled with knock-out drops. It was closed in 1984 on evidence that customers were robbed while asleep.

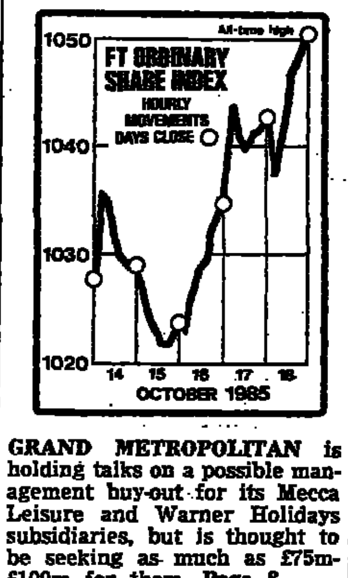
BUSINESS SUMMARY

Distillers names new executive

DISTILLERS, the world's largest Scotch whisky producer, which is fighting off a takeover bid from Argyll, the supermarkets group, has made a surprise appointment of a U.S. businessman, Bill Spengler, as deputy chairman and deputy chief executive.

Mr Spengler, 57, was with Owens-Illinois, the U.S. packaging and glassware group and has been a non-executive director of Distillers since last December. Back Page

EQUITIES continued their record-breaking advance to close at a new high of 1,050.9, up 7.6.



GRAND METROPOLITAN is holding talks on a possible management buy-out for its Mecca Leisure and Warner Holidays subsidiaries, but is thought to be seeking as much as £75m-£100m for them. Page 8

LIFFE and the Chicago Board of Trade have announced plans for joint trading in a Yen bond futures contract. Back Page

IRISH Industrial Development Authority has said that the Irish electronics sector remains in good health, in spite of the closure of Mostek, the semiconductor maker by its U.S. parent, United Technologies. Back Page

STC, the troubled electronics and telecommunications company, is to close a component plant in Newton Aycliffe, Durham, in the New Year, at a cost of 232 jobs. Page 3

FINANCIAL institutions doubled their investment in UK company securities in the second quarter, investing nearly as much in ordinary shares as during the whole of 1983. Page 4

AEROSPATIALE and Avions Marcel Dassault of France, have been awarded contracts for the construction of the European mini-shuttle Hermes, planned for first flight in the mid-1990s. Back Page

LEYLAND BUS consortium is havin gurgent talks with the Government about an alternative bid for the contract to revamp Bangkok's ailing transport system. Back Page

THOMSON HOLIDAYS has further fueed the package tour war by setting up a discount tour operation, Skytours, which will undercut its rivals prices by between 10 per cent and 20 per cent. Page 3

EEC and its South East Asian trading partners have agreed to step up European investment in south-east Asia, but have made no concrete proposals. Page 2

ARBED of Luxembourg, one of Europe's few profitable steelmakers, doubled net profits in the first half to LuxFr 499m (£6.5m), reflecting both higher sales and financial and industrial restructuring. Page 9

FLUOR, the California-based engineering and construction group, which made a disastrous expansion into the mining business, is making a $410m (£287m) final quarter write-off. Page 9

CHINA'S foreign exchange reserves have confounded diplomatic experts by falling only marginally in the second quarter, largely as a result of tight controls imposed in the sping.

Violence hits central Johannesburg after execution of Moloise

BY JIM JONES IN JOHANNESBURG, ROBERT MAUTHNER IN NASSAU AND STEWART FLEMING IN WASHINGTON

INTERNATIONAL outrage and violent demonstrations in the centre of Johannesburg followed the execution yesterday in Pretoria of Benjamin Moloise, a black South African poet.

The execution—carried out in spite of pleas from around the world for clemency—prompted an angry response from Commonwealth heads of government, meeting in Nassau. Efforts are under way there to draw up a joint policy aimed to end apartheid in South Africa.

In a speech in Nassau yesterday, Mrs Margaret Thatcher, the British Prime Minister, indicated that she was anxious to join other Commonwealth sates in steps to promote a political dialogue between the South African Government and the black community.

Moloise was convicted in 1983 of the murder of a black South African policeman. During his trial, he retracted an initial confession to the killing of Warrant Officer Phillipus Selepe, saying it had been obtained under duress. The banned African National Congress, which Mr Moloise admitted supporting, has stated he was not responsible for the murder.

The dawn execution led to some of the worst violence in central Johannesburg. For the first time white residents there encountered black anger. About 3,000 blacks attacked whites and looted clothing and liquor shops around the city's main railway station yesterday afternoon.

The rioting continued after armed riot police and hastily summoned army reinforcements had cordoned off several blocks around the station, and used dogs and whips to try to disperse demonstrators.

According to eyewitnesses, a black crowd turned on white passers-by and police, white residents of nearby apartment blocks having thrown flower pots, vegetables and eggs down on people gathered in the street after a memorial service for Moloise.

Black workers on their way to the station swelled the ranks of rioters and assaulted whites and shopkeepers. One white policeman was reported to have been stabbed and badly injured. Another was also stabbed.

Fighting between police and demonstrators continued well into the homeward rush-hour, preventing people from leaving the city and adding to the confusion. By late afternoon, the police and army had restored some order and were ushering commuters through the tense streets to buses and trains.

The execution raised tension in the troubled city of Cape Town. Last night police were reported to be sending reinforcements to contain demonstrations in coloured townships. There have been clashes in the city throughout the week.

Mrs Thatcher's speech in Nassau was seen last night as a big effort to find common ground on which to base a Commonwealth initiative.

"We cannot afford an impasse or failure to act at this conference," she was quoted by officials as saying. "We must reach some positive conclusions which would help to advance matters in South Africa. Anything else would be a blow to the morale of all those in South Africa who were working for peaceful change."

Her speech, in which she outlined a possible "Commonwealth programme for a non-racial South Africa," has greatly improved the prospect of a compromise that would enable the Commonwealth to stand together on the South African problem. But before such an agreement may be reached, the dispute over proposed economic sanctions against the country, which Mrs Thatcher continues to oppose, must be settled and there are few pointers to how this could be achieved.

Mrs Thatcher indicated that Britain was prepared to accept

Continued on Back Page
Protesters retrun police fire in Cape Town, Page 2

Rebel pit leaders claim poll win for new union

BY JOHN LLOYD, INDUSTRIAL EDITOR

LEADERS of the three groups of miners who voted over the past 24 hours on forming a new national mineworkers federation were last night confident of having secured a decisive majority for the breakaway union.

In Nottinghamshire, by far the largest of the three sections of the putative Union of Democratic Mineworkers, branch and area officials were estimating a vote of around 70 per cent for the new federation, on a turnout reckoned to be as high as 90 per cent of the area's 27,000 miners.

Mr Roy Lynk, this Nottinghamshire area general secretary, said last night he believed a majority would be secured in all areas for the UDM; and Mr Jed Daly, a Notts area executive member, said: "The very high turnout means victory."

In South Derbyshire, the 3,000 mineworkers in the four pits also recorded high turnouts—though there the estimates from pro-UDM officials were more cautious.

However, Mr Ken Toon, the South Derbyshire area secretary, and formerly the National Union of Mineworkers' longest serving national executive member, last night forecast a majority for the new union—by about 60 per cent.

In Durham, the 1,500 to 1,600-strong Colliery Trades and Allied Workers Association has held a postal ballot on the formation of the UDM. Mr George Hunter, the CTAWA president, said last night he expected "between 90 and 100 per cent" of his members to vote in favour.

Under the rules agreed between the three groups and the Certification Officer, the Government official responsible for establishing that an organisation is a bona fide union, each of the groups must produce a simple majority before the UDM can come into existence.

The result in Notts and South Derbyshire is expected to be announced tonight.

The new union's leaders are confident that mineworkers in other areas will join the union—while NUM loyalists in the Notts and South Derbyshire areas insist they will remain in the NUM and fight to win back thet breakaway areas into the fold.

● National Smokeless Fuels, the NCB subsidiary, yesterday told unions it planned to close its Lambton Coke Works near Chester le Street, Co Durham and its Derwenthaugh plant on Tyneside, with the loss of 480 jobs.

● Representatives of the South Wales miners voted yesterday to continue the post of full time president in the area — though the fall in numbers of miners below 20,000 means that the national union will cease to bear the £30,000 a year cost.

● The two South Wales miners jailed for life for murdering a taxi driver during the pit strike are to apply for leave to appeal against their convictions. The pleas from Mr Reginald Hancock and Mr Russell Shankland, both from Rhymney, will be heard on Monday.

Solicitors attack Lords' tax crackdown

BY CLIVE WOLMAN

THE LAW Lords have been accused by the Law Society, the solicitors' professional association, of breaching constitutional law in their recent crackdown on tax avoidance.

In a report published yesterday, the Law Society calls on Parliament to introduce into legislation a general provision against tax avoidance and remove responsibility from the judges for developing this branch of the law. The judges' rulings, it says, have "opened up a Pandora's box of uncertainty which is incompatible with the proper administration of the UK tax system."

The study, prepared by the Revenue Law Committee of the Law Society, proposes that, when a taxpayer requests, the Inland Revenue should give an advance ruling on what his tax liability will be before he undertakes a transaction. The Revenue, it says, should publish more information on how it is interpreting and applying tax law, as do tax agencies in the other countries examined by the study. The Revenue should not "keep its options open at the expense of uncertainty for taxpayers."

The focus of the report is the Lords' decision 20 months ago in the case of *Furniss v Dawson*. The Law Lords ruled that any step inserted in a pre-ordained composite transaction purely to avoid tax may be disregarded for fiscal purposes.

The report criticises the Law Lords' claim that they have a constitutional right to develop the law against tax avoidance, and in particular statements by Lords Roskill, Wilberforce and Templeman. Lord Templeman said earlier this year: "A tax avoidance industry of the scale that developed in the 1970s had to be destroyed. The origins of the new approach by the Courts had to be seen as a reaction . . ."

The Law Society responds: "The existence or otherwise of the tax avoidance industry is not a matter for their Lordships—it is solely a matter for the legislature." The Commons had claimed the exclusive right to make tax law since 1671. There was no constitutional basis for the Law Lords "to embark on judicial law-making."

The Law Lords had every intention of developing the principle in the Dawson case, the report says. Such a judge-led development would create as much uncertainty and confusion as it had in the U.S.

The Law Society implicitly approves the Dawson principle but says it should be included in legislation, alongside provision for an advance rulings procedure similar to that used in the U.S., Canada, Australia and New Zealand.

At the same time, the Inland Revenue should publish its notes on the clauses of the annual Finance Bill and on its interpretation of tax laws. The judicial decisions of the Special Commissioners of tax should also be published. Consultation could be improved, says the report, by setting up a joint tax committee drawn from taxpayers, the professions, commerce, industry and government which would have powers to demand Revenue information.

Tax law in the melting pot, The Law Society, 113 Chancery Lane, London WC2. £3.

Tax avoidance scheme upheld, Page 5

Markets react favourably to Lawson speech

BY PHILIP STEPHENS

FINANCIAL markets yesterday reacted favourably to Thursday's Mansion House speech by Mr Nigel Lawson, the Chancellor, with the pound and Government bond prices showing strong gains and the equity market again at record levels.

Among the City's economists, however, there remained some unease about the direction of the Government's monetary policy and the decision formally to downgrade the broad money supply measures, sterling M3.

Mr Lawson's caution on the outlook for interest rates combined with a further slide in the value of the dollar to push sterling higher against all the major currencies.

His announcement that the Government had abandoned the policy of "overfunding" (selling more Government debt than is needed to finance the public sector borrowing requirement) through the gilt-edged market brought gains of up to ¾ point for long-dated Government securities.

That allowed the Bank of England to sell out the £800m Treasury 10 per cent. 2001, tap stock first offered for sale on Thursday, and to announce the issue of a further £600m of existing stocks.

Share prices were initially hit by the implication in Thursday's speech that interest rates will stay close to their present levels, but then rebounded in response to Mr Lawson's optimistic forecasts on the outlook for growth and inflation.

The FT Actuaries All Share index rose 0.4 per cent. to close at an all-time high of 652.75.

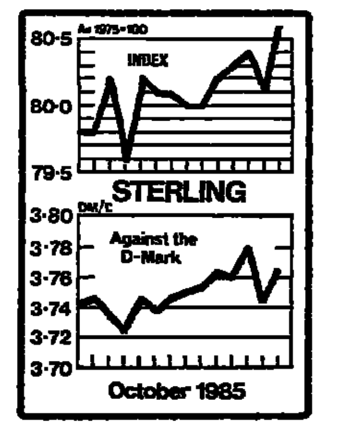
The brokers' economists — referred to disparagingly by Mr Lawson on Thursday as "Young Turks" — were not, however, as enthused by the Chancellor's exposition of his anti-inflation strategy.

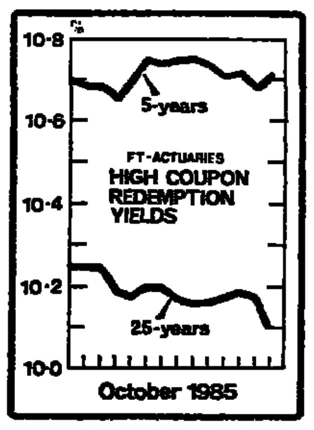
Many argued that although Mr Lawson had elevated the exchange rate and the narrow money supply measure, Mo, as monetary indicators, sterling M3 could still give important signals on the longer-term outlook on inflation.

The Treasury's confidence that the annual inflation rate will fall to 4 per cent or below by the middle of next year is generally shared in the City, but many of the economists are less confident of the trend beyond that.

The Chancellor's basic message was seen as an appeal to the markets to trust the Government's anti-inflation resolve, but at the same time allow it to remove the straightjacket provided by a formal target this year for sterling M3.

"The speech was a subtle form of jaw-boning," said Mr David Morrison, a senior economist at broker Simon & Coates. "It was meant to be a tough speech to underpin sterling and provide a cushion to allow interest rates to come down at the end of the year," he added.





Mr Malcolm Roberts, chief economist at Laing and Cruickshank. "It is a high-risk strategy of diverting attention from sterling M3 once and for all. The medium term financial strategy should now be seen as a much weaker constraining influence on a normal pre-election easing of policy," he said.

Broker James Capel complained that with the exchange rate and a narrow measure of money supply as the Government's key targets, it would be difficult to judge the stance of official policy.

Other economists speculated that, despite of his tough words on the Government's determination to hold interest rates at whatever level was necessary to reduce inflation, the Chancellor would be looking for at least a small reduction later this year.

Most City forecasts show a substantial slowing of economic

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WEEKEND FT

CHESS WAR

The challenger lends the champion in Moscow—but behind the scenes a bitter feud is simmering

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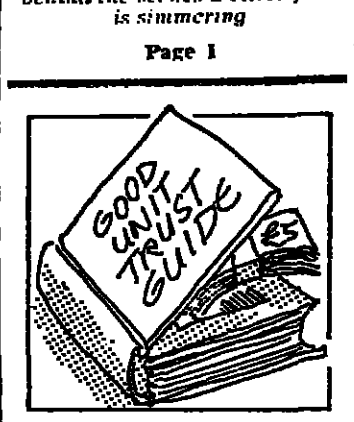

NAMING NAMES

A new directory aims to relate performance of individual unit trust funds to named managers.

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GAME GLIMPSE

Game parks still offer a glimpse of the epic days of the Africa that was.

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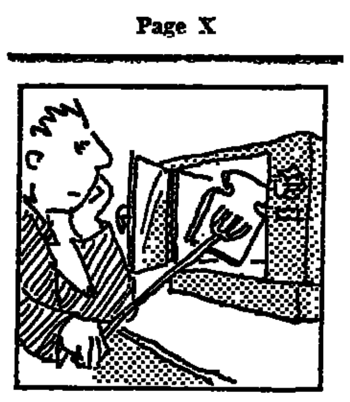

MICROWAVES

Microwave ovens have grown in sophistication, but how does the food that emerges taste?

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MARKETS

DOLLAR

New York lunchtime:
DM 2.6357
FFr 8.0450
SwFr 2.1665
Y215.05

London:
DM 2.6365 (2.6470)
FFr 8.0450 (8.0690)
SwFr 2.1685 (2.1730)
Y215.1 (215.2)

Dollar index 130.7 (130.9)
Tokyo close Y215.45

U.S. LUNCHTIME RATES

Fed Funds 7⁹⁄₁₆%
3-month Treasury Bills 7.18%
Long Bond 101⅝
yield 10.42

GOLD

New York: Comex Dec latest $329 5
London: $326¼ ($326½)

STERLING

New York lunchtime $1.4285
London: $1.4275 (1.4145)
DM 3.7650 (3.7450)
FFr 11.4850 (11.4300)
SwFr 3.0950 (3.0725)
Y307.00 (304.50)
Sterling index 80.6 (80.1)

LONDON MONEY

3-month interbank:
closing rate 11¹⁷⁄₃₂% (11⁷⁄₁₆)
3-month eligible bills:
buying rate 11⁹⁄₃₂% (11⁷⁄₃₂)

STOCK INDICES

FT Ord 1,050.9 (+7.6)
FT-A All Share 652.75 (+0.4%)
FT-SE 100 1,341.2 (+5.5)
FT-A long gilt yield index:
High coupon 10.1 (10.18)
New York lunchtime:
DJ Ind Av 1,370.3 (+1.01)
Tokyo:
Nikkei Dow 12,973.22 (−42.92)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 65p; Malta 30c.

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For London market and latest share index 01-246 8026; overseas markets, 01-246 8086

OVERSEAS NEWS

Italian President attempts to resolve government crisis

BY JAMES BUXTON IN ROME

THE ITALIAN President, Sig Francesco Cossiga, last night began consulting leading political figures in the first step towards solving the crisis caused by the resignation of the government of Sig Bettino Craxi.

Sig Craxi handed in the resignation of his five party government on Thursday after the Repubilcan Party, led by Sig Giovanni Spadolini, the Defence Minister, pulled out of the coalition in protest against the way the government allowed Abu Abbas, the Palestinian leader, to leave Italy last weekend, despite a U.S. request for his arrest and extradition.

Sig Cossiga was last night consulting the three surviving former presidents of the republic, including his immediate predecessor, Sig Sandro Pertini, and the speaker of both houses of parliament. Today he will see the leaders of all the political parties.

The President would like to speed up the consultation process in order to try to resolve the crisis as soon as possible.

The next step, which could occur over the weekend, is for the President to invite a leading political figure to explore the possibility of forming a government.

It is widely thought that Sig Cossiga will first ask Sig Craxi to do so.

The political crisis is being described here as one of the most difficult Italy has faced since the war. This is principally because although the most viable formula for a new government is still a five-party coalition which would include the Republicans, there are serious differences between the Republicans and the two major parties, the Christian Democrats and the Socialists.

For the Republicans to return to the coalition would mean not only overcoming the ill-feeling between Sig Craxi and Sig Spadolini, but also assuaging Republican discontent with the foreign policy pursued by Sig Craxi and his Christian Democrat Foreign Minister, Sig Guilio Andreotti.

The Republicans say the policy is too favourable to the Palestine Liberation Organisation.

They also had misgivings about the way Italy defied the U.S. Government in the aftermath of the hijacking.

The two smaller parties of Sig Craxi's coalition, the Social Democrats and the Liberals, also have reservations about the Government's handling of the affair.

Stewart Fleming in Washington writes: The White House refused to make any comment yesterday on reports that a U.S. military plane had tailed the Egyptian aircraft carrying guerrilla leader Abu Abbas from Sicily to Rome after the airliner had been forced down in Italy and the hijackers taken into custody.

Mr Larry Speakes, the presidential spokesman, also declined to comment on news reports that U.S. and Italian troops came close to a "shoot-out" when the Americans tried to take custody of the hijackers in Sicily.

Savings rate falls in U.S.

BY STEWART FLEMING IN WASHINGTON

THE PERSONAL savings rate in the U.S. slumped to its lowest ever level in September as consumers went on a buying spree, according to statistics released by the Commerce Department yesterday.

The data has further fuelled fears that retrenchment by consumers could slow the growth of the economy in the current quarter.

The Commerce Department said yesterday that personal income in September rose a modest 0.3 per cent—a similar increase to that recorded in August—but that for the second consecutive month consumption expenditures surged strongly by 1.2 per cent, partly in response to special incentives to car buyers.

The personal savings rate of 1.9 per cent, the lowest ever, is widely seen by economists as unsustainable, given already high levels of debt with which consumers are burdened.

Romania army takes over power stations

By Alan Spence in Bucharest

ROMANIA'S critical energy situation has cost two ministers their jobs and triggered a presidential decree authorising a military takeover of the country's coal-fired power stations.

Mr Ioan Auram, the Deputy Prime Minister in charge of energy, and Mr Nicolae Busui, the electric power minister, dismissed by President Ceausescu last night after a meeting of the political executive of the central committee of the Romanian Communist Party again discussed the country's grave energy problems.

The presidential decree declared a state of emergency in the power industry and authorised the military to take over the running of generating stations at all levels.

Managers of power stations have ben given a 15-day deadline to appoint suitable civilian staff to replace military personnel at worker level but military assistance seems set to continue at management level for some time.

Although no reports of overt unrest have reached Bucharest the measures have been triggered by the need to impose order and discipline in the power production sector.

Although the power sector was among the first to be militarised in Poland during the army's takeover, diplomats here point out that in Romania *it is traditionally acceptable* for military personnel to be harnessed in this manner from time to time.

This has occurred for instance at harvest time and in order to assist with major infrastructural developments

Some form of stiff action in the energy sector has been expected since late September when the Communist Party *newspaper Scinteia released* details of the situation at the country's power stations.

The paper stated coal stocks, depleted by last year's exceptionally harsh winter, stood at just over 4m tonnes, against planned levels of 5.5m tonnes. Electric power generation only amounted to 3,590 Mw, against a planned output of 5,295 Mw.

Mr Busui has been replaced by Ion Licu, a presidential counsellor who was travelling with President Ceausescu in China until late this week.

Protesters return police fire in Cape Town

BY ANTHONY ROBINSON IN CAPE TOWN

POLICE and Coloured (mixed-race) demonstrators *clashed yesterday in* continuing violence in Cape Town. In one incident demonstrators returned fire on police who were using shotguns to disperse a crowd.

Young Moslem militants from the estimated 150,000-strong Moslem community in the city, some with their faces covered in the checkered Arab scarves made familiar by years of ethnic warfare in the Lebanon, called for Jihad or Holy War against apartheid after police surrounded the St Athens Mosque in the Coloured suburb of Athlone on Thursday night.

More than 2,000 people were trapped in the mosque, until the early hours of yesterday morning, after police opened fire with shotguns outside killing a 29-year-old Moslem, Mr Abdul Karriem Friddie. Armed demonstrators in the crowd outside the mosque fired back seriously wounding a police dog handler.

The use of firearms by the crowd has introduced a new and potentially explosive element after weeks of constant police action in Athlone and other Coloured suburbs which has deeply radicalised local communities.

Local residents have been further incensed by police delays in handing over the bodies of three Christian Coloured youths, killed earlier this week in a decoy operation by railway police.

Yesterday afternoon a large crowd gathered again, in the vicinity of the St Athens mosque, setting fire to a white-owned delivery vehicle and two other cars. Rubbish and barracades of burning tyres were also set up across streets in the nearby suburb of Grassy Park as demonstrators massed in anticipation of the funeral of the man killed outside the Athlone mosque on Thursday night.

The funeral of the three Christian youths, killed in the decoy raid in Athlone last Tuesday, is expected to take place today. Police efforts to limit the number of mourners to close family and friends appear unlikely to succeed as local residents, enraged by the manner of their death and continuing violent tactics by the police, expressed their determination to make the funeral a demonstration of community solidarity.

Incidents of stone-throwing, arson and barracades were also reported from several other Coloured townships on the Cape flats, as tension continued to run high throughout the area which has been in a state of unrest for two months since police broke up a march on Pollsmoor Jail in support of jailed African National Congress leader Mr Nelson Mandella.

Underlying the tension is *also unhappiness* with the discriminatory education system which has sparked off widespread school boycotts in the area.

Europe security talks reveal serious split

BY DAVID BROWN IN STOCKHOLM

THE 35-nation European Security conference yesterday closed its seventh session after reaching an important breakthrough earlier this week on negotiating procedures—clearing the way for detailed drafting work on a concluding document as early as this November.

Although significant concessions were made by both Nato and the Warsaw Pact to achieve the informal agreement, yesterlighted serious differences remaining between the two power blocs.

Mr Robert Barry, the new chief U.S. delegate, said: "In terms of arms control, this is probably the negotiation most amenable to an early conclusion." He added however that the current Soviet negotiating position was "a recipe for disaster."

The conference is negotiating so-called "confidence-building measures" or CBMs, aimed at reducing the risk that war could break out in Europe as a result of accident or miscalculation.

The Warsaw pact has informally dropped its insistence on various declatory measures such as a mutual renunciation of the first use of nuclear weapons and a European ban on chemical weapons in exchange for Nato's willingness to discuss a general agreement on non-use of force in the context of its own proposals.

These primarily focus on such measures as advance notification of military movements, observation and verification procedures.

In a significant concession earlier this month, Moscow agreed in principle to exchange a 12-month advance calendar of military movements.

However, it wishes to add independent air and sea movements to the land-based exercises, which would be covered by the proposal originally tabled by the West.

The chief U.S. delegate termed this demand a non-negotiable attempt to extend the mandate of the talks.

Mr Oleg Grinevsky, the Soviet Ambassador, heatedly disputed this claim. However, his formal address in which he praised Nato's "flexibility" was termed by Western delegates "surprisingly constructive."

Dutch talk about dropping Nato nuclear obligations

BY LAURA RAUN IN AMSTERDAM

THE NETHERLANDS is talking about getting rid of its other nuclear duties within the North Atlantic Treaty Organisation (Nato), now that Dutch approval of nuclear missiles is nearly a foregone conclusion.

Mr Bert de Vries, leader of the Christian Democrats, the senior partners in the governing coalition, said on Thursday that his party believed only one of the Netherland's other four nuclear tasks must be continued. That is the Lance guided-missile system, Mr de Vries told fellow MPs during a debate on the 1986 national budget.

The rest of the Dutch nuclear arsenal—the 8-inch M110 howitzer, the F-16 jet fighter and the Orion reconnaisance aircraft—could be removed as far as the Christian Democrats were concerned, he said.

The Dutch Cabinet is expected to approve on November 1 the siting of the widely opposed 48 U.S. cruise and Pershing-2 missiles in line with a decision on June 1, 1984.

Under the June 1984 decision, the Cabinet also said it would consider reducing the Netherland's other Nato nuclear tasks, if the missiles were stationed as part of a 1979 Nato accord.

The Christin Democrat thinking dovetails with that of Mr Job de Ruiter, Defence Mnister, who favours a replacement of some nuclear weapons with conventional arms based on new "emerging technologies."

Greek Socialists expel 8 top trade unionists

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S ruling Socialist Party has moved ruthlessly to quell labour unrest within its ranks, by expelling eight leading trade unionists who have been backing opposition proposals for strike action against a Government economic austerity programme announced last week.

The austerity measures, designed to curb runaway current-account and public-sector deficits, include a two-year wage freeze.

Most of the eight expelled this week voted in favour of a nationwide general strike to fight the measures, at a stormy Wednesday meeting of the Greek Trade Union Congress, GSEE.

Their action split the Socialists majority in the GSEE leadership, so that the strike motion was only narrowly defeated, because of the casting vote of the Socialist president of the congress.

The expulsions, announced personally by Mr Andreas *Papandreou, the Prime Minister*, have added to the existing turmoil in the Socialist trade union ranks.

The Socialist unions have been torn between supporting the Government, and lending their weight to protest strikes organised by opposition Communist and conservative trade unionists.

Mr Papandreou warned this week that the Government was not prepared to back down on the austerity regime.

Argentine bombs cast shadow over elections

By Jimmy Burns in Buenos Aires

A WAVE of bomb attacks against civilian and military targets reminiscent of the terrorism experienced by Argentina in the mid 1970s has cast a shadow over the campaign for the November 3 mid-term parliamentary elections. It has also been connected to the trial of former junta members for human rights violations.

Early yesterday, a powerful explosion shattered windows of one of the city's most popular cafes and the local "Harrods" department store, in the Calle Flodrida. There were no casualties, but had the bomb exploded a couple of hours earlier, it would have maimed many of the people who regularly congregate along the capital's most famous thoroughfare.

Early this week, military personnel narrowly escaped being killed in separate explosions outside an officers' *sleeping quarters*, a restaurant and the home of an intelligence officer.

No one has yet claimed responsibility for the six bomb attacks over the last 10 days. The Government has accused former members of the security forces of trying to provoke the armed forces during the final stages of the human rights trial of the nine members of the former military ruling Junta.

Sr Antonio Trocolli, the Minister of the Interior, on Thursday night denounced a "*destabilisation campaign.*"

The nine members of the Junta are expected to be sentenced in early December. On Thursday the former president Gen Leopoldo Galtieri appeared in court for the summing up of his defence counsel, and issued a brief statement, claiming that he had "done his duty" as army commander in chief, between 1980 and 1982.

Gen Galtieri, dressed in civilian clothes, chainsmoking and looking tired, was answering charges of human rights violations for which the prosecution has urged 15 years imprisonment.

Mitterrand in Brazil

France's President Francois Mitterrand arrived in Recife, Brazil, yesterday, the last stop on a five-day trip dominated by economic issues, AP reports.

The French President made no commitments to ease Brazil's problems which include a foreign debt of more than \$100bn (£71bn), but he pledged to "act as an attorney" for *the Brazilian* efforts to renegotiate.

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Zimbabwe investment go-ahead

BY TONY HAWKINS IN HARARE

THE Zimbabwe Government *has given* the *go-ahead* for the largest private sector investment project in the country since independence in 1980.

The foreign-controlled GMHL investments—70 per cent owned by the London Stock Exchange-listed company Aberfoyle—is to invest Z\$188m (£80.7m) in a 12,000 hectare irrigated oil palm project

The developers of tha scheme have offered the Zimbabwe Government a 25 per cent equity stake.

GMHL is 30 per cent owned by a consortium of Zimbabwe businessmen. When the scheme *is complete, it is estimated that* at least 10,000 new jobs will have been created.

The plantation will produce up to 50,000 tonnes of palm oil annually which will earn \$35m in exports or save an equivaent amount in import substiution.

Part of the deal involves GMHL acquiring in Zimbabwe the investments, properties and assets of two British-based investment trusts—Globe and Electra.

It is not clear how large the actual foreign investment will be, but GMHL described it as "substantial."

The Globe-Electra takeover, in fact, will involve disinvestment by the investment trusts of the order of Z\$20m, but even with this there apparently will be a significant net capital inflow.

Published figures show that since independence Zimbabwe has attracted a mere \$37m in private long-term foreign investment.

Aberfoyle's *Zimbabwean* interests incline Aberfoyle Estates (tea plantations), ranching, textiles and electric components for motor vehicles.

Sudan treason trial starts today

BY JOHN MURRAY BROWN IN KHARTOUM

A POLITICAL trial starting today in Khartoum could further strain relations with the U.S. Sudan's principal ally.

The trial, a final curtain call for the régime of former President Jaffar Numieiri, who was ousted in an April coup, involves the former Vice-President, Gen Omer Tayib, and six state security officers facing treason charges for their part in last year's airlift of Falasha Jews to Israel from their drought-ravaged homeland

Gen Numeiri remains in Egypt, given political asylum by President Hosni Mubarak. Earlier suggestions that he may be tried *in absentia* have been officially denied.

The airlift, called "Operation Moses" and first leaked by Israeli officials in January, was carried out by Israeli intelligence with, it is now alleged, U.S. intelligence support.

Sudan's Attorney-General, Mr Abdel Atti, has said "only two powers were involved—Israel and the U.S."

Allegations of U.S. involvement which may be substantiated during the trial, could damage relations with Washington, already at a low ebb following Sudan's earlier moves towards Libya.

Anti-U.S. feeling is running high in Khartoum, following the Achille Louro incident, with the Palestine Liberation Organisation chairman, Mr Yasser Arafat, addressing a rally condemning the U.S. action.

The U.S. has provided Sudan with over \$500m (£357m) in assistance this year. The Government's dilemma is made worse by the need to appease Arab outrage at Sudan's part in "this most heinous crime in the history of the Arab world," as one Arab daily described "Operation Moses."

The trial is seen by many as a distraction at a time when the country faces such an array of problems, a continuing famine in the west, a \$9bn debt crisis, and a civil war in the south.

Iraqi aircraft 'hit container ship in Gulf'

A PANAMANIAN-registered container ship, the Oriental Champion, was hit in an attack in the Gulf yesterday, while heading from Kuwait to Bahrain, its captain said, Reuter reports.

Capt Robert Yew, from Singapore, said the crew had no warning and saw no aircraft so that he was not certain who launched the attack at 7.45 am GMT.

But Iraq yesterday said its aircraft had struck a "large naval target" in the Gulf at about that time, and the ship was hit in an area where Iraq has made previous attacks.

Capt Yew said a projectile blew a three-foot hole in the quarters housing the steering gear for the 17,160 d.w.-tonne vessel, but there were no casualties.

The ship was carrying general cargo from Kuwait to Bahrain, both of which sympathise with Iraq in its five-year-old war with Iran.

Israel says PLO actions have killed 19 people

BY OUR MIDDLE EAST STAFF

ISRAEL maintained its propaganda warfare against the Palestine Liberation Organisation yesterday as the Foreign Ministry published a pamphlet accusing it of sponsoring at least 380 attacks or attempted attacks since March, 20 of them abroad.

It said that 19 people were killed and more than 100 were wounded in the assaults.

The 26-page document appeared to be aimed mainly at casting doubt over denials by Mr Yassir Arafat, chairman of the PLO, of any complicity in the killing of three Israelis on a yatch in Larnaca harbour, in Cyprus, late last month and the seizure of the Italian cruise ship Achille Lauro by Palestinians who murdered Mr Leon Klinghoffer, a Jewish American.

At the same time Mr Shmuel Goren, co-ordinator of Israeli policy in the occupied West Bank and Gaza Strip, said that King Hussein might close some PLO offices in Jordan but the action would not necessarily curb guerrilla attacks against Israel.

The PLO had "manipulated" King Hussein, according to Mr Goren, who said that the Jordanian leader was "re-evaluating" the agreement concluded with Mr Arafat in February on a joint initiative.

Earlier this summer leading Israeli figures, including Mr Ariel Sharon, a Likud member of the Coalition Government, talked of possible retaliation against PLO targets in Jordan.

The Foreign Ministry document alleged that the PLO's Force 17, an internal security unit set up to protect the leadership and deal with criminals or dissidents within the movement, had been restructured as a 800-man elite strike force at the end of 1984.

OVERSEAS NEWS

EEC and Asean agree on need to boost investment

BY CHRIS SHERWELL IN BANGKOK

THE EUROPEAN Community and its South-East Asian trading partners yesterday agreed on the need to step up investment, trade and economic co-operation, but admitted that a first-ever economic ministers' meeting failed to produce immediate concrete results.

"We've been flirting, and now we've got engaged," said Tengku Razaleigh Hamzah, Malaysia's Trade and Industry Minister. "It will take time to get married and produce children."

He acknowledged that the joint statement produced by 12 EEC delegations and six from the Association of South-east Asian Nations (Asean) did not contain concrete results. "But we will achieve them."

For the *EEC*, Mr Robert Goebbels of Luxembourg claimed there would be a "qualitative leap forward." But as one European minister said afterwards, there was only a "laughing reference" to a second meeting.

The two-day gathering in Bangkok marked the renewal of a five-year co-operation agreement signed in 1980. The proposal for the meeting was acepted a full 11 months ago.

In the joint statement, Asean — which group Thailand, Indonesia, Malaysia, Singapore, the Philippines and Brunei—welcomed the latest improvements in the EEC cumulative rules of origin, which will help their trade with the Community.

But they won no formal assurances on other demands concerning the EEC Generalised System of Preferences.

On the Asean suggestion of a South-East Asian presence for the European Investment Bank, the European regional development bank, this will be examined—and, if the EEC has its way, ruled out—by a special working party set up to assess the ways of increasing European investment in the region.

From the European viewpoint, this committee may also draw attention to the complex bureaucratic procedures which frustrate Western investors in certain Asean counties. Asean ministers acknowledged the difficulties.

The two sides also "underlined the importance" of proposals to encourage the development of local technical expertise, "saw considerable potential" for linking scientific research activities, and agreed to "study the creation" of a joint centre for energy management training.

Co-operation in tourism and war against drug abuse was also envisaged.

Two tasks for Nakasone in U.S.

BY OUR FAR EAST EDITOR IN TOKYO

MR YASUHIRO NAKASONE, the Japanese Prime Minister, leaves for the U.S. this weekend on a delicate 10-day diplomatic mission.

His twin talks are to convince the world at large, in an address to the United Nations General Assembly, that Japan has other than economic contributions to make to global stability; and, in the informal Western summit in the margins of the UN and in talks with U.S. officials in Washington, to help stem the tide of protectionism.

Mr Nakasone has hinted recently that he wants the U.S. and possibly other Western nations to take part in joint studies into the failings of existing economic relationships.

By so doing, he wants to get away from the uphill struggle of trying to convince sceptics abroad that successive Japanese measures to reduce trade friction (the latest, boosting domestic demand, announced only this week) in fact mean something.

Nakasone . . . apparent inconsistencies

There may be some apparent inconsistencies in the twin message Mr Nakasone will be delivering to the UN and to the U.S. At the former he is bound to declare that Japan will never again assume an aggressive military posture, while with President Reagan and the Congress he will say he is doing what he can, in the face of stiff domestic opposition, to build up Japan's military capabilities.

● Meanwhile Japan said yesterday that the European Commission had demonstrated "a clear lack of understanding" of Japanese policies in its report on EEC-Japan relations released in Brussels last week. This message was formally conveyed to the EEC yesterday by Mr Hideo Kagami, head of the Japanese delegation in Brussels.

Foreign Ministry officials in Tokyo particularly regretted the report in advance of next month's meeting here with a group of EEC Commissioners.

Labour unrest erupts in NZ

BY DAI HAYWARD IN WELLINGTON

A WAVE of industrial unrest swept New Zealand this week as unions battled employers in the current wage round. Government hopes for wage increases of around 10 per cent have already been lost and employers are now trying to hold increases at 15 per cent.

Confrontation between unions and employers include:

● Firemen deciding to let commercial and office buildings burn providing there is no danger to human life;

● Communities running out of cash as bank staff closed hundreds of bank branches around the country. Companies have been unable to pay wages and a race meeting was cancelled because race-goers had no money for bets;

● Miners closed pits in a seven-day strike;

● Supermarkets shelves started to empty and rubbish remained uncollected in many areas because of a drivers strike;

● Many localised and short-term stoppages, ranging from a 24-hour strike by ice-cream factory workers to a walk-out from many building sites, as workers backed union demands with direct action.

Firemen will also stage two-hour strikes next week during which no calls will be answered except to hospitals and schools.

Bank staff want a NZ$1.000 a year relocation allowance paid to colleagues in Wellington and Auckland, extended to staff everywhere. Yesterday the Bankers Association repeated its refusal to do this. The allowance is to meet the higher cost of living in the large cities and to compensate for moving expenses.

The Government has warned that high wage increases will defeat its planned programme to bring down inflation. Mr Roger Douglas, the Finance Minister, says a wage round of 15 per cent would mean the cancellation of promised income tax cuts next April.

Taiwan obstacle to links with U.S., China tells Bush

BY ROBERT THOMSON IN PEKING

THE U.S. vice-president, Mr George Bush, will go back to the White House from Peking with the message that the Chinese are talking tough on Taiwan.

The old China hand, who headed the U.S. Liaison Office in Peking in the mid-1970s before the two countries established diplomatic relations in 1979, was bluntly told by his hosts that Taiwan is now officially an "obstacle" to relations, a "major stumbling block" to further development.

At least the Americans are doing better than the Soviet Union. The Chinese maintain that there are "three obstacles" in the path of the normalisation of Sino-Soviet relations—support for Vietnamese occupations of Kampuchea, the invasion of Afghanistan, and the mass of troops on the Soviet-Sino border.

The Chinese leader, Deng Xiaoping, warned the visiting Americans that unless the U.S. supported the Chinese reunification plan of "one country, two systems" for Taiwan, bilateral relations will be in for a bumpy ride.

"The principal question in our bilateral relations remains that of Taiwan. Once this question is resolved, Sino-U.S. relations will develop smoothly without any obstacle in all fields," the Chinese Foreign Ministry said Deng told his guest.

After the meeting with Deng, Mr Bush was asked whether the U.S. would agree to the Chinese proposal for Taiwan. He replied: "I don't think the U.S. is in a position to be the catalyst to solve this problem."

The Vice-President observed that "we still have fundamental differences with China, but we are finding more and more things in Common." American journalists travelling with Mr Bush suggest that this visit is part of his build-up for the 1988 Presidential campaign.

Even if the Taiwan issue is settled, China is still likely to keep the U.S. at arm's length. To embrace the U.S. would be to compromise the incessant statements by Chinese leaders that they are not aligned with any superpower and maintain an independent foreign policy.

The Chinese leadership has stepped up the campaign for reunification since Hong Kong was put on the road back to Chinese control. Earlier this year, the Communist Party

Bush . . . fundamental differences

General-Secretary, Hu Yaobang, again admitted that military action could be taken, if the leadership perceived that the Taiwanese people wanted reunification but that the Taiwanese Government was "obstructing the process."

Recent statements by Chinese officials suggest they have already decided that the Taiwanese long for reunification. Hu, who indicated that it would take about 10 years for the Chinese military to develop the capability to take action against Taiwan, is fully aware that such a foray would bring China into conflict with the U.S., which is still selling arms to the island.

Japanese TV serves up diet of cheap thrills

THERE IS something rotten in the state of Japan and it is not crates of American oranges stacked up on the docks in Yokohama. It is *the* national addiction, television, and at long last the stench is beginning to get up the public's nose.

The latest in a distressingly long line of incidents flickered across the tube on the afternoon of August 20 on TV Asahi's "Afternoon Show." This is specifically aimed at "bored" housewives, but, presumably also seen by a lot of children.

Those who watched observed a charming little passage in which a group of teenage girls physically beat up other girls attending a televised "barbecue party" which was being "hosted" by some former motorbike gang leaders.

Television in Japan, writes Jurek Martin, our Far East Editor, in Tokyo, is mostly a melange of the cheap, the nasty, and prurient and the silly

This is the sort of prurience which commonly passes for family entertainment on Japanese TV (it merely gets *nastier* after prime time). What marked this one out, however, was that the action was real, not staged, and that the show's director actually paid the equivalent of about £500 to those who put the boot in, a cheap price for *cinéma verité* these days.

Since then, amidst daily revelations which has Japan by its ears, if not its eyes, the head of the TV network has, traditionally, offered to resign, the show's director has been sacked and jailed and the mother of one of the girls who was beaten up has committed suicide. The Prime Minister has ordered an investigation by the Telecommunications Minstry and sanctions against the network are being considered.

Murder

Unfortunately this was no aberration. On the evening of June 18, Japan had the dubious privilege of watching an as-good-as-live televised murder when Mr Kazuo Nagano, head of a company under investigation for fraud, was knifed to death by two men in his flat.

Some 30 journalists, mostly from TV, filmed the break-in, the deed itself, and even asked for more pictures as the murderers fled. No-one lifted a finger to stop them and no-one had second thoughts about airing what was shown in excruciating slow motion detail.

There is also the case of Mr Kazuyoshi Miura, than whom no-one in the country has drawn more air time in the last couple of years. Mr Miura is a cool card, a publicity seeker, in his own way a master of television. He also happens to have left behind him a dead mistress and a dead wife. His arrest on suspicion of murder last month was treated as a gala event.

Japanese TV has, in reality, long been mostly a melange of the cheap, the nasty, the prurient and the silly; even NHK, the BBC counterpart, rarely rises above the pedantic. The conventional sociological response was that it was, none the less, harmless, a release from the drugery and conformity of everyday life.

What seems to be happening now is that life and what passes for art are becoming less easily divisible. This is far from unique to Japan — even Princess Diana was heard to wonder recently about the effect of Starsky and Hutch on Prince William's behaviour; but in an ordered society like Japan, a nation more of followers than leaders which lacks an abundance of heroes from the real world, this intermingling has disturbing implications.

Entertainment

Whereas in the West the competition to report, however badly, may be intensifying, with all-news cable channels, breakfast programmes and so on, Japanese TV essentially competes only to entertain. Even when it competes to report actual news, it seems to conceive its mission as one of entertainment (NHK should probably be excepted from this indictment).

In the Nagano case this went to the extreme that the reporters — all 30 of them — felt constrained from intervening to stop a murder unfolding, over some 20 minutes, before their eyes and cameras. Far exceeding even the worst of U.S. television, Japanese TV hounds its subjects ruthlessly, not, it often seems, in the pursuit of anything other than the cheap thrill.

It used to be said, accurately, that foreigners worried more about the Japanese than the Japanese did themselves. That may not be so in this instance. Already, the printed press, which perhaps, can afford to snipe at its electronic counterpart, is full of handwriting and recommendations about the excesses of television. The defence has yet to be heard from.

UK NEWS

Thomson sets up discount brand in tour price war

BY ARTHUR SANDLES

THOMSON HOLIDAYS has fired another salvo in the packaged tour price war by launching a discount tour operation called Skytours, offering 200,000 holidays for next summer. If successful, the Skytours operation would immediately become one of Britains biggest five brands.

Skytours will also be the first large brand to use computers for all bookings and will employ no reservations personnel.

Prices in the Skytours brochure, begin at £59 for one week in the Costa Brava and a family of four holiday for £149. A more realistic peak season price for an adult would be about £200. The industry average is between £250 and £275.

"We will offer the very lowest prices and guarantee to match our competitors if customers find lower prices on comparable holidays from other operators," said Mr Paul Brett Thomson Holidays managing director.

The company has not gone as far as offering the main Thomson pledge of no changes in holiday plans but says that, because it uses Thomson flights changes are unlikely.

Bookings will be made via the Thomson computer system and Skytours will have only four head office staff. Bookings will go from travel agency terminals straight to resorts via the computer system.

"This is the first tour operation wholly of the computer age," says Thomson. "It is also the biggest ever launch of a tour operating brand in the UK."

Thomson is making no secret of the fact that its main targets are its main rival International Leisure's two brands, Intasun and Lancaster, and such other operators as the northern-based, Airtours, and the Horizon budget subsidiary, Broadway.

Skytours is an old Thomson brand name which has not been used for over a decade.

Mr Charles Newbold, Thomson Holidays deputy managing director said: "We intend building Skytours into a very successful brand. We are going to be both the Marks and Spencer and the Woolworth of the travel business."

Skytours will be offering holidays to Spain, Greece and Malta with departures from several UK airports.

Skytours reckons to be able to undercut Intasun by an average 10 per cent, and "nearer 20 per cent" on family holidays, using mainly one and two star hotels and many night flights.

Japan car groups' role 'to grow'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IT IS LIKELY that, by 1995, every major Japanese motor group will be heavily involved in western Europe, according to Mr John Lawson, director of DRI International Automotive Group.

He was speaking at a London Motorfair dinner, organised by Herondrive, the company car supplier.

It was a "good bet" that the next generation of European cars but one will be produced with a very strong debt to Japanese manufacturers, he said.

One European car in three produced in the next decade would be wholly or party of Japanese design. "In other words, most of the major European manufacturers will be producing at least one model line featuring Japanese hardware—be it chassis or running rear (engine, transmission, axles).

Mr Lawson suggested that all the European car producers will survive in the 1990s "but the price of this survival will be that the remainder of the vehicles provided for their dealerships will feature a greater or lesser proportion of components bought from outside sources and bought-in designs."

He predicted, however, that the Japanese would not enter Europe on their own terms, as seemed to be the case in the U.S. where "a fair description of what is happening is the partial colonisation of the American industry.

In Europe, despite the Japanese companies' distaste for their partners having partial control of their operations, Japanese groups will hesitate to act entirely independently, or will make independent operation just one feature of their attack.

STC to close Durham plant

By Guy de Jonquieres

STC, the troubled telecommunications and electronics company, plans to close a component plant at Newton Aycliffe, Durham, in mid-January with the loss of 232 jobs.

The closure was part of a cost-cutting drive, STC said. The plant makes tantalum capacitors for a variety of eletronic and electrical equipment.

The company hopes to find alternative employment at its other component factories for some workers but expects compulsory redundancies to be inevitable.

STC has already disposed of two other components plants this year.

Manchester Steel to shut

BY NICK GARNETT, NORTHERN CORRESPONDENT

MANCHESTER STEEL is being closed by its owner, Allied Steel and Wire, with the loss of 160 jobs. The decision, which will end steel making in the city, follows a partial closure last May, in which 500 jobs were lost.

Allied, which took over the company in May from Elkem, the Norwegian metals group, said at the time that the partial closure was to help strengthen the UK steel industry and that it was deferring a decision on the remaining small steel-smelting shop at Manchester. It told unions yesterday that it now intended closing this as soon as possible.

Allied, a joint venture between British Steel and Guest Keen Nettleford, blamed the closure on continuing weak demand for steel products, and said Manchester Steel had no prospect of achieving profitability.

Manchester City Council has reacted angrily to the decision. Mr Roger Taylor, the city's chief executive, has written to the company complaining that Allied had promised to involve the council in examining the future of Manchester Steel, but nothing had happened following this.

The plant is in the centre of one of the most derelict industrial areas in Britain. A recent survey of east Manchester put overall unemployment there at about 25 per cent.

'No bias' against U.S. offshore companies

By Mark Meredith, Scottish Correspondent

BRITAIN has rejected claims from the U.S. that its plans to promote UK offshore technology will discriminate against American companies.

A number of U.S. companies including Bechtel, the engineering company, have complained that the policy would hurt their chances under the current ninth round of oil exploration.

Their objections follow the Government's plan to support UK-controlled companies involved in high technology offshore projects generated by demands of oil and gas development.

The reconstituted Offshore Energy Technology Board, which brings together the Government and British industry, is to guide research money into areas where Britain has or can develop a capability on the basis of its North Sea experience.

The board wants companies with equipment and services to export as Britain's offshore reserves decline.

Mr Alick Buchanan-Smith, the Minister of State for Energy, said in Aberdeen this week following a meeting of the board that it was quite reasonable for any country to want to develop its own industry.

"I shall be very happy when the Americans give the same access to their markets as American oil companies have had to our markets," he said.

The objectives of the offshore technology board are a response to a demand for backing from British companies struggling to compete in a market dominated by American companies.

To date the Government pursuit of "full and fair" opportunities for British companies has included the UK subsidiaries of American concerns which have helped bring in some of the original offshore expertise.

The implementation of the policy backing offshore technology will not direct support towards these UK subsidiaries.

According to government figures, about £140m is being spent on offshore research and development, most of it on new technology. The role of the board is to look for sectors where research funds committed from oil companies can be directed.

These could include areas such as sub-sea inspection systems like remote controlled vehicles or computerised control and instrumentation systems where British companies have made some headway.

Mr Callafghan: "no reg'rets"

Callaghan confirms his retirement

Financial Times Reporter

THE FORMER Labour Prime Minister Mr James Callaghan confirmed yesterday that he is to stand down as an MP at the next election.

Mr Callaghan, who is 73, said: "Age eventually overtakes us all. There are going to be great problems ahead for this country and I believe that younger men and women should represent the current needs and difficulties."

At a Press conference in the Committee Rooms in Cardiff where he has held constituency surgeries for 40 years, Mr Callaghan said he hoped to devote more time to international affairs.

He refused to discuss current party issues or whether he would accept a peerage. But said: 'I believe the Labour Party is safe in the hands of Neil Kinnock. I felt he made a tremendous speech at Bournemouth (Party Conference) which was welcomed by millions of Labour voters.

"I am sure Neil knows how to handle the unrepresentative minority of voices who have shouted so loud in the past and who don't represent the basic Labour voice or voter. I look forward to seeing him walk into Number 10."

He added: "I regret I didn't become Prime Minister 10 years earlier, 10 years younger with 10 years more energy—and a majority. There are things I would have liked to have done. But I don't fel disappointed. I have had a life full of satisfaction."

Hurd denies race tension was to blame for riots

BY IVOR OWEN

RECENT DISTURBANCES in the Brixton area of London and the Handsworth district of Birmingham were not "race riots." Mr Douglas Hurd, the Home Secretary, insisted yesterday.

He stressed that each incident had spread from a different spark. In Handsworth black shops had been looted in common with those belonging to whites and Asians, and in Brixton a third of those charged were white.

Mr Hurd, speaking to the Tory Reform Group at the Cambridge Union, strongly defended "community policing" and ruled out adoption of a policy of "reverse discrimination" to combat racial disadvantage.

He again rejected calls for public inquiries into the recent disturbances and claimed that the new Police Complaints Authority would come to be seen as a more effective instrument for securing an adequate investigation which, if necessary, could be followed by criminal proceedings.

He had yet to receive reports from the authority on the death of John Shorthouse, the young West Midlands boy who died after being accidentally shot by a policeman, or on the shooting of Mrs Sherry Groce in Brixton and the death of Mrs Cynthia Jarrett at Tottenham — "all of which raised anger and concern in their localities."

Mr Hurd said all ethnic groups in Britain must be encouraged and helped to play a full part in national life and institutions.

"We must beware of the tactic employed by a number of hard left local authorities of claiming to be the champions of the black community and using that community for their own objectives."

The Home Secretary acknowledged the role to be played by the Government in opening up more channels for communication with responsible leaders of black opinion, for seeking their views and for bringing them increasingly into the main stream of the political process.

He was keen that as an illustration of black people playing a fuller part in British society that there should be more black police men and women.

Powell hits at U.S. domination

BY IVOR OWEN

DOMINATION by the U.S. of the economic and defence policies of Britain and other leading countries in the free world is too readily accepted, Mr Enoch Powell, the Official Unionist MP for Down South and a former Conservative Cabinet Minister, said yesterday.

He was particularly censorious about the meeting last month of Economics Ministers of the five main industrial states, when Mr Nigel Lawson, the Chancellor, with three counterparts was summoned at 24 hours' notice to New York "to receive instructions."

Mr Powell said the meeting had resulted from the U.S. having organised itself into a classic quandary by, first of all, indulging on a huge scale in deficit financing and then "reversing engines" with an equally massive bid loan money.

Mr Lawson and the ministers of Japan, West Germany and France had been told that the exchange rate of the dollar against their respective currencies was too high and that, unless they took immediate steps to reduce it, the U.S. would retaliate by penalising or excluding their exported goods, Mr Powell went on.

The Chancellor and his colleagues had submitted "without a murmur," Mr Powell told his audience of Rotarians at Eastbourne. So deeply rooted was their conviction of the overwhelming economic power of the U.S. that no-one had ventured to tell the American representatives: "All right, if you want to go protectionist, that is up to you."

Liverpool council warns on wages

BY NICK BUNKER

LIVERPOOL'S Labour-controlled city council can guarantee payment of its 31,000 employees only for the next three weeks, a prominent councillor said last night.

The statement came from Mr Tony Byrne, the city's Labour finance committee chairman, amid fresh threats of a strike by 6,300 members of the National and Local Government Officers' Association if they are not paid.

Mr Byrne and other Labour councillors are to meet Mr David Blunkett, Labour leader of Sheffield City Council, for talks today to find a way out of Liverpool's financial crisis.

Mr Blunkett is backing a proposal by the Labour-dominated Association of Metropolitan Authorities to save Liverpool from insolvency by using other Labour council's unused loan sanctions. The AMA said last night that the initiative was "still a possibility" following brief negotiations with borough treasurers.

Today's talks, ahead of more discussions tomorrow between Labour councillors and national officials of eight council unions, have gained greater urgency since a High Court ruling against Liverpool on Thursday.

The High Court said Liverpool had acted utra vires in sending out dismissal notices to its teachers and headteachers as a way of saving money and closing its estimated £80m budget deficit.

● Mr Neil Kinnock, the Labour Party leader, is to have short talks with Liverpool Labour councillors during a visit to the city on Monday

Radiation risk at Vickers dismissed

By Andrew Fisher

THE VICKERS warship yard at Barrow-in-Furness, the local council, and government scientists have rejected suggestions that they had much under-estimated the risk of radiation from a £230m construction and dredging operation at the site.

They were responding yesterday to an article in The Economist magazine, which said British Shipbuilders, the nationalised owner of the Cumbrian yard, was wrong to assess risks to the local population as slight.

The article said sand and silt being dredged and dumped locally had been contaminated by emission from the Sellafield (once Windscale) nuclear reprocessing plant to the north. The yard, now being privatised, is building a large covered facility for construction of nuclear submarines.

Vickers said the National Radiological Protection Board, a government body, had given the operation a clean bill of health. This was mentioned in the magazine article, which claimed the risk was higher than the yard and the NRPB had made out.

Mr Jim McGarry, environmental health officer of Barrow-in-Furness council, said it had constantly carried out its own monitoring tests. "I don't know how The Economist arrived at its conclusions. There's been nothing on our readings higher than anywhere else in the town generally."

Mr Michael O'Riordan, an official of the NRPB, which carried out tests a year ago, said: "It's a non-problem. The doses are negligible." He said radiation levels in the areas of dredging, construction and dumping were way below average levels in the home, and the risk of death from cancer was infinitesimal.

In its report, written by Mr O'Riordan, in charge of radiological measurement, the NRPB said: "In both an absolute and a relative sense, the doses and risks from the use of Walney Channel (the dedged area) material are quite low and are surely not a cause for anxiety."

Mr McGarry said the material used to fill in the dock for construction of the new facility was largely sand. The more contaminated silt had been allowed to settle, then taken to a waste disposal tip and buried under seven metres of other waste.

£5m sought for sale of Belfast Car Ferries

By Andrew Fisher

BELFAST CAR Ferries, which operates on the route to Liverpool, is being put up for sale for at least £5m by the liquidators of its Dublin-based parent company, Irish Shipping, which collapsed late last year.

The company employs 160 people and owns one vessel, the 12-year-old St Colum 1, which can carry just over 1,000 passengers and 200 cars. Belfast Car Ferries was set up 3½ years ago after P & O Ferries withdrew from the route as a result of heavy losses.

The sale is being handled by two Irish banks, the Investment Bank of Ireland and Allied Irish Investment Bank. The company said it would be sold as a going concern, "especially following the good results to date this year."

Its ferry makes a round trip between Belfast and Liverpool every 24 hours. Irish Shipping went into liquidation as a result of losses on bulk cargo shipping, where freight rates had fallen to low levels.

Aid request for ship canal

By Our Shipping Correspondent

A REQUEST is being made to the Government for aid worth "tens of millions of pounds." to save the threatened upper reaches of the Manchester Ship Canal.

The Manchester Ship Canal Company has said it will close the upper reaches, from Runcorn, Cheshire, to Manchester, in 1987 as the 23-mile stretch is no longer economic because of declining trade. The lower reaches, between Runcorn and Ellesmere Port, will remain in operation.

Mr Peter Scott, chairman of a steering committee set up to find alternatives to closure, said yesterday: "We are looking for support from the Government for investment in those aspects of the canal which cost money to run, such as bridges, weirs and locks."

Mr Scott, who is also head of the Greater Manchester Council planning committee, said that the entry of Spain and Portugal into the EEC would help trade for west coast ports like Manchester, Liverpool, and Bristol.

TSB Scotland rate

THE TSB Scotland is currently charging an interest rate of 13.5 per cent flat rate or 14.5 per cent Annual Percentage Rate on its endowment mortgages. The rate cuts announced in yesterday's Financial Times apply only to TSB England and Wales.

Institutional investment in British securities doubles

BY ROBIN PAULEY

FINANCIAL institutions doubled their investment in British company securities in the second quarter of this year compared with the first quarter, investing nearly as much in ordinary shares as during the whole of 1983.

Figures published by the Central Statistical office yesterday show that the institutions, including pension funds, building societies and investment trusts, put £2.04bn into UK company securities.

This compares with just over £1bn in each of the two previous quarters and less than £1bn in all other quarters back to the last quarter of 1980 when just over £1bn went into British shares.

In the first half of 1985 £3.1bn has been invested in UK company securities by the institutions. This compares with £3.5bn for the whole of 1984 and less than £3bn in each of the years 1980 to 1984.

The position contrasts sharply with the first quarter of 1985 when £1.1bn went into UK company shares and £1.2bn flowed out of the country in the largest recorded quarterly exit of British institutional funds into investment in shares in overseas companies.

Investment in overseas equities fell back sharply in the second quarter to £482m. Pensions funds were particularly attracted to UK equities in the second quarter, doubling their holding and halving their overseas investment.

Yesterday's figures show that the total net inflow of funds in the previous quarter into the institutions reached £10.5bn in the second quarter of 1985 compared with £9.6bn.

Bank borrowing fell to £1.1bn in the second quarter compared with £3.7bn in the first and bank deposits were £2.6bn in the second quarter compared with net withdrawals of £485m in the first quarter.

Tesco in West Country move

BY JAMES McDONALD

TESCO, the supermarket group, is building four superstores and a fresh food distribution depot in Bristol and the West Country at a cost of £40m. The stores and depot will open between the end of the month and July 1986.

As many as 2,000 full-time and part-time jobs will be created.

Three smaller Tesco stores in the area are to be closed and the 150 employees offered jobs in the superstores. These jobs are additional to Tescos estimate of new employment.

The £40m West Country development forms part of Tesco's plan to open 14 superstores costing more than £100m this financial year.

Two of the proposed superstores—a superstore is defined as having a sales area of more than 25,000 sq ft—are in Bristol, one at Brislington and the other at Eastville. They will employ about 1,000 people. More than 100 jobs will be available at the new depot, also in Bristol.

The other two stores, at Weston - Super - Mare and Plymouth, will be slightly smaller than those in Bristol and will offer about 750 jobs.

The Brislington store is being built on 12 acres of the former Robertson's jam factory. It will have a sales area of 44,000 sq ft, parking space for nearly 700 cars and will be opened on October 29.

The other Bristol store is on the 12-acre Eastville Stadium site and is the largest of the four proposed stores. It will have a sales area of 50,000 sq ft and will be opened in July.

The distribution depot is on the Aztec industrial estate near junction 16 of the M5.

Renewing the business spirit

Martin Dickson talks to Bill Spengler (right) about how his appointment as deputy chairman of Distillers, the drinks company, has taken him by surprise—and out of early retirement in Ohio

MR BILL SPENGLER, the American just named as deputy chairman of Distillers, the drinks company, sat in a City office yesterday morning and confessed to a degree of surprise at this late twist in his business career.

Mr Spengler, a crisply dressed and crisply spoken man of 57, took early retirement last year from the vice-chairmanship of Owens-Illinois, one of the world's leading glassware and packaging companies, to devote himself to his private business interests and a degree of consultancy work for his former company.

Now he finds himself back in harness not just at a large company but one with headquarters some 5,000 miles away from his home in Toledo, Ohio, which he is having to sell.

In addition, the company he is joining looks as if it is about to be taken over by the Argyll Group, the fast-growing supermarkets chain headed by Mr James Gulliver.

"It is all rather a surprise," says Mr Spengler. "It will be a big change for my wife to move to the UK but we've lived here before and know what we're getting into. We're looking forward to it."

Distillers—which has suffered from a rather lacklustre City image—denies that the timing of the appointment has anything to do with the threat from Argyll.

Mr Spengler became a non-executive director of Somerset Importers, Distillers' U.S. distribution subsidiary, in July last year and joined the full board as a non-executive director in December.

The company says the idea of him taking an executive role was first mooted around that time but implementation had to wait on a big shake-up in the group's management structure.

This was carried out last month by Mr John Connell, Distillers' chairman, who disbanded the group's much-criticised system of management by committee. The heads of Distillers' four business sectors now report directly to him.

Whatever the background to the appointment, Mr Spengler is likely to be a valuable addition to a company trying to shine up its City image in advance of a bid.

The son of a Columbus, Ohio, salesman—"my father was not a very successful businessman but he was very successful in his life"—Mr Spengler showed early signs of commercial acumen while attending the state university. He paid his way through college by running his own business painting shops and houses, employing a six-man team.

He came to Britain in 1969 as managing director of United Glass and is credited with turning United from loss into a healthy profit through the use of modern management techniques.

He returned to the U.S. in 1972 and climbed up the Owens ladder, becoming vice-chairman and chief administrative officer with special responsibility for group strategy.

At Distillers he will have particular responsibility for finance and planning and both he and Mr Connell believe that his international experience of corporate planning and administration will prove a particular strength.

Happily for Distillers, he is a man who likes his spirits: "I normally have a gin and tonic before dinner and if I drink after, it will be Scotch." From now on, no doubt, they will drink Distillers' brands, such as Gordon's Gin and Johnnie Walker whisky.

F.T.-ACTUARIES SHARE INDICES

QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at September 30, 1985 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)	Market capitalisation as at Sept. 30, 1985 (£m.)	% of all share index	Market capitalisation as at June 28, 1985 (£m.)	% of all share index	Market capitalisation as at Mar. 29, 1985 (£m.) †	% of all share index †
1	CAPITAL GOODS GROUP (206)	33,678.8	16.01	32,884.6	16.36	35,068.3	17.28
2	Building Materials (22)	5,308.9	2.52	4,890.1	2.45	4,998.8	2.46
3	Contracting, Construction (28)	2,673.9	1.27	2,373.9	1.20	2,218.2	1.09
4	Electricals (15)	1,164.1	0.55	1,119.3	0.56	1,396.0	0.69
5	Electronics (59)	9,204.9	4.38	9,648.4	4.81	12,084.2	5.95
6	Mechanical Engineering (61)	6,345.7	3.02	5,920.0	2.98	6,031.2	2.97
8	Metals and Metal Forming (7)	758.0	0.36	671.3	0.34	748.5	0.37
9	Motors (16)	2,145.3	1.02	1,939.5	0.98	2,008.8	1.00
10	Other Industrial Materials (20)	6079.0	2.89	5,822.1	2.93	5,642.0	2.78
21	CONSUMER GROUP (177)	70,085.4	33.30	63,779.2	32.12	64,083.6	31.57
22	Brewers and Distillers (25)	11,264.7	5.35	9,403.4	4.75	8,807.3	4.33
25	Food Manufacturing (22)	8,343.4	3.97	7,868.7	3.96	8,138.1	4.01
26	Food Retailing (14)	7,661.8	3.64	7,083.8	3.57	6,476.2	3.19
27	Health and Household Products (9)	9,938.8	4.72	9,627.7	4.85	9,451.5	4.66
29	Leisure (23)	4,361.0	2.07	3,874.7	1.95	4,172.0	2.06
32	Newspapers, Publishing (12)	1,717.7	0.82	1,457.3	0.73	1,487.9	0.73
33	Packaging and Paper (15)	2,273.4	1.08	1,953.9	0.98	2,154.2	1.06
34	Stores (42)	16,857.4	8.01	14,044.0	7.07	14,858.1	7.32
35	Textiles (16)	2,121.9	1.01	2,072.8	1.04	2,049.4	1.01
36	Tobaccos (3)	5,545.3	2.63	6,392.0	3.22	6,505.8	3.21
41	OTHER GROUPS (100)	38,305.3	18.20	35,905.9	18.09	36,709.7	18.09
42	Chemicals (19)	7,210.8	3.43	7,667.1	3.86	7,699.6	3.80
44	Office Equipment (4)	1,051.9	0.50	855.5	0.43	917.2	0.45
45	Shipping and Transport (11)	2,516.9	1.19	2,138.8	1.08	1,488.5	0.73
46	Miscellaneous (64)	10,695.4	5.08	10,125.3	5.10	11,072.0	5.46
48	Telephone Networks (2)	16,830.3	8.00	15,127.2	7.62	15,539.5	7.66
49	INDUSTRIAL GROUP (483)	142,070.5	67.51	131,967.7	66.47	135,860.6	66.94
51	Oils (17)	21,200.2	10.07	20,849.0	10.50	21,530.5	10.61
59	500 SHARE INDEX	163,270.7	77.58	152,816.7	76.97	157,391.1	77.55
61	FINANCIAL GROUP (115)	32,719.3	15.55	30,957.7	15.59	29,911.8	14.74
62	Banks (6)	8,295.7	3.94	8,259.6	4.16	7,326.7	3.61
65	Insurance (Life) (9)	5,283.8	2.51	5,194.5	2.62	4,439.0	2.19
66	Insurance (Composite) (7)	5,471.9	2.60	5,429.6	2.73	5,283.4	2.60
67	Insurance Brokers (7)	2,234.8	1.06	1,845.3	0.93	2,068.3	1.02
68	Merchant Banks (11)	1,491.7	0.71	1,325.0	0.67	1,313.2	0.65
69	Property (51)	6,895.9	3.28	5,955.6	3.00	6,301.5	3.10
70	Other Financial (24)	3,045.3	1.45	2,948.1	1.48	3,179.5	1.57
71	Investment Trusts (107)	10,012.4	4.75	9,909.0	4.99	10,416.3	5.13
81	Mining Finance (3)	2,576.6	1.22	2,726.7	1.37	3,332.6	1.64
91	Overseas Traders (14)	1,887.0	0.90	2,132.0	1.08	1,903.0	0.94
99	ALL-SHARE INDEX (759)	210,466.0	100.0	198,542.1	100.0	202,955.6	100.0

Nick Bunker on a horticultural upheaval

Suttons sows the seeds of sharpened competition

QUIETLY, and with the minimum of fuss, the apparently sedate world of British horticulture was shaken by momentous events this week.

As the City witnessed United Newspaper's successful bid for Fleet Holdings, attention in the garden industry was focused on its most venerable, and perhaps most competitive sector—the £30m seed business.

Autumn is usually a newsworthy time in seed circles, as leading companies launch their catalogues and sales campaigns in advance of the next year's flower and vegetable growing season.

However, even some seed industry insiders admit they were not expecting the sudden announcement from Suttons Seeds, the Torquay-based, Royal-warranted market leader, that it had upped its market share to more than 50 per cent with the purchase for an undisclosed sum of its largest competitor.

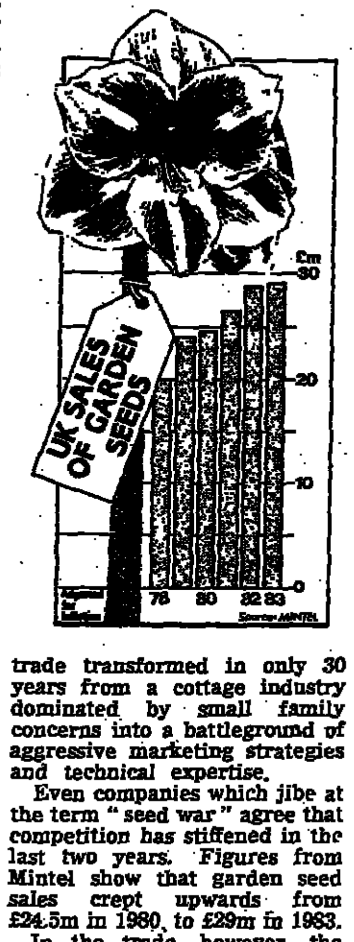
Until 10 days ago, seven companies, most of them more than 150 years old, controlled between them 80 per cent of the garden seed trade, either selling by mail order or supplying an estimated 20,000 retail outlets.

With its catalogue running to 1,200 varieties of flowers and vegetables, and its market share reckoned at 33 per cent, Suttons had dominated the business for two decades, and was about to celebrate in 1986 its 180th anniversary.

Then on Monday, Suttons revealed that it had bought from Reckitt and Colman the Llangollen-based Horticultural and Botanical (Holdings). Those three companies — Carters Tested Seeds, R. and G. Cuthbert and Samuel Dobie and Son — had acquired between them at least 19 per cent of the market, according to figures from Mintel, the market research organisation.

Mr Peter Coxhead, Sutton's managing director, dismissed suggestions that he had fired the latest shot in what some observers have half-seriously called a developing "seed war." Sutton's profits are good, he says, and likely to remain so.

Suttons' purchase of Horticultural and Botanical — first attempted, Mr Coxhead says, two years ago—has underlined the swift pace of change in a trade transformed in only 30 years from a cottage industry dominated by small family concerns into a battleground of aggressive marketing strategies and technical expertise.



Even companies which jibe at the term "seed war" agree that competition has stiffened in the last two years. Figures from Mintel show that garden seed sales crept upwards from £24.5m in 1980, to £29m in 1983.

In the trade, however, the consensus in that the figures mask stagnation in volume terms, aggravated by disastrous gardening weather last year and in 1985.

Competing for shares of a relatively static market, Carters spent £500,000 on a 1984 relaunch campaign involving new packets and points of sale. Suttons has started a range of oriental vegetables to entice into the garden young middle-class householders looking for ingredients to cook in their woks.

Thompson and Morgan, the Ipswich-based company with an unrivalled range of 3,000 seed varieties, is busy creating new tastes for the unusual—such as cucumbers that can be grown on the window-sill.

One development, however, has now concentrated the minds of Britain's seed companies. Mr Norman Wright, publisher of Garden News, calls it "The Fisons factor."

Fison's the chemicals and horticulture multinational, helped trigger the latest round of hectic activity when it joined the garden seed world in February 1984 by buying for £1.35m Temana Bees — the company which founded modern seed-selling in the 1920s with the first pictorial penny packets sold in shops.

According to Mr Peter Aldous, of the Horticultural Trade Association, representing Britain's 1,500 garden centres: "The impact of Fison's will be in its name. It is almost synonymous with gardening—because of the Fisons fertilizer and compost. The other seed companies aren't necessarily worried. But this has certainly sharpened their resolve."

Fisons, its competitors now know, is breaking with seed world traditions by aiming at a mass market with a small range of 350 varieties (Suttons' have 1,200), scrapping the Bees and Webbs brand names it bought, and selling under its own name from boldly-sited display stands in garden centres and do-it-yourself shops.

For Mr Keith Sangster, managing director of Thompson and Morgan, that could mean trouble for the market as a whole.

"Fisons might bring new ideas. They will certainly bring financial wallop. They have the expertise.

Suttons, itself owned by the Swedish company AB/Cavdo, stressed this week that the acquisition of Horticultural and Botanical was not a response to the Fisons factor, but a way of concentrating a pool of experts to develop varieties.

Fison's emergence has, arguably, only speeded up processes of change that have been reshaping the seed world for years.

Not until the end of next year's growing season will anyone know how Fisons has fared. In the meantime, few seedsmen would be surprised to see, somewhere in the industry, more deals like Suttons' purchase of Horticultural and Botanical.

Tax avoidance scheme upheld

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A TAX avoidance scheme by the Bowater Group has been upheld by the High Court.

The court yesterday dismissed an Inland Revenue appeal against the discharge by tax commissioners of an assessment over development land tax on Bowater Property Developments.

Mr Justice Warner held that two transactions involving the sale of land by Bowater companies were independent of each other and were not "a single composite transaction" that would have invalidated the scheme in accordance with a principle laid down by the Law Lords in the Ramsay case, a leading legal authority on tax avoidance.

The judge said that early in 1980 BPD negotiated, subject to contract, the sale of 23 acres of land in Kent to Milton Pipes for £202,500.

Shortly afterwards BPD contracted to sell the land for £180,000 to five Bowater Group companies, selected because none had used any part of its £50,000 exemption from development land tax.

It was nto disputed that this transaction had had no business purpose, its sole object being to avoid the development land tax liability which would otherwise have fallen on BPD if the sale to Milton Pipes had, as was then expected, gone through.

A revised draft contract was sent to Milton Pipes in which the five companies were named as vendors.

In the event Milton Pipes withdrew but the following year expressed renewed interest in buying the land. A sale by the five companies was agreed for £259,750.

In 1984 the Revenue, relying on the Ramsay case, assessed BPD to development land tax on the footing that the sale to Milton Pipes should be treated for tax purposes as a disposal by SPD.

The tax commissioners held that the Ramsay principle did not apply, saying that the critical factor was the firmness (or otherwise) of the intention of the would-be tax-avoider that the ultimate transaction would take place; that there had been a break in continuity of BPD's intention to sell to Milton Pipes; and that the sales to the five companies and to Milton Pipes did not constitute a single composite transaction.

The Revenue argued that Ramsay applied whenever it was found that a step had been taken with a view to tax avoidance in a certain event and that event occurred.

When BPD sold to the five companies it had been in the expectation that the original sale to Milton Pipes would go through. The break in the negotiations with Milton Pipes was irrelevant, the Revenue contended.

Mr Justice Warner said that "a single composite transaction" meant one in which all the steps had been pre-arranged or pre-ordained. In no sense had the eventual sale to Milton Pipes been pre-arranged or pre-ordained at the time of the sale to the five companies.

That, the judge said, was the crucial fact. When the sale to Milton Pipes took place it had been as an independent transaction.

He said that it was not legitimate to regard the Ramsay principle as a judge-made anti-tax avoidance rule which it was open to the courts to mould and develop in the light of their experience of tax avoidance devices.

The imposition of taxation was a matter for parliament; the courts' only function was to interpret and apply the law. That involved seeking to ascertain the true nature of a transaction and giving effect to it.

"That, to my mind, is the real basis of the Ramsay principle."

ECONOMIC DIARY

TOMORROW: National union general secretaries to meet shop stewards and city councillors in Liverpool over cash crisis.

MONDAY: CBI/FT survey of distributive trades (end-September). EEC Foreign Affairs and Agriculture Councils meet in Luxembourg (until October 22). European Parliament meets in Strasbourg (until October 25). FT conference on Electronic Financial Services at Hotel Inter-Continental, London W1 (until October 22). Commons returns from summer recess.

TUESDAY: Mass lobby of Parliament on world poverty at Central Hall, Westminster. Commonwealth heads of government meeting in Nassau ends.

WEDNESDAY: New construction orders (August). EEC Research Council holds informal meeting in Luxembourg. TUC general council meets.

THURSDAY: Balance of payments current account and overseas trade figures (September). President Reagan meets western leaders, including Mrs Thatcher, for consultation before Gorbachev summit.

FRIDAY: Sales and orders in the engineering industries (July). Bricks and cement production and deliveries (third-quarter provisional). Ford pay talks.

INSTITUTE OF PERSONNEL MANAGEMENT CONFERENCE

Economic gains 'being obscured'

By Philip Bassett

EMOTIONAL responses to unemployment have obscured the real progress in the UK economy, Lord Young, the Employment Secretary, told the conference last night.

He acknowledged that unemployment was high but said the progress in the economy showed what could be achieved. The UK was embarking on the fifth year of uninterupted growth, and the average rate of growth so far has been 3 per cent a year.

"The way some people talk you would think we still had a recession. We don't. We have a strong and sustained recovery in the economy but with high unemployment."

What was needed was a competitive economy with a slower growth in wages, that would respond quickly to consumer needs. Above all, it should be an enterprising economy, prizing individual responsibility.

Lord Young laid stress on the Government creating a clear strategy to set the conditions in which employment could flourish.

For too long our economy has suffered from attitudes which expected someone else to shoulder the burden, or leave it to the Government, and indeed

He re-emphasised the importance to the Government of deregulation — relaxing controls on businesses and laying particular stress on fresh efforts to reduce legalism in the industrial tribunal systems, by trying to revert to their orginial aims of speeds, accessibility, cheapness and informality.

Acas chairman opposes strike ban

BY PHILIP BASSETT, LABOUR CORRESPONDENT

A BAN on strikes in the public sector could not solve the pay problems of that sector, Sir Pat sory Conciliation and Arbitration Service, said yesterday. In a wide-ranging speech he took the unusual step, for an Acas member of being much more judgmental on issues, departing from the service's normal neutral approach.

In effect, he criticised British Rail for antagonising the rail unions in its drive for greater productivity, and the Department of Health and Social Security for the Newcastle computer strike, which Acas helped to resolve.

On public sector pay, Sir Pat said that the recent top salaries award, over which there had been a political storm, "once more highlighted the need for a comprehensive and principled system of pay determination for the public sector." Public service pay determination "continued to owe a minimum to principle and a great amount to expediency."

Rejecting tne idea of a strike ban for such groups as civil servants and teachers, Sir Pat said: "We have to find a method of determining the pay which is felt to be so fair to employees, management and taxpayers that action becomes unnecessary, or at least unlikely." He welcomed the discussions on a long-term pay agreement for the Civil Service, which led to a package offer, partly based on comparability, from the Treasury this week.

On more general industrial relations, Sir Pat said that the coal strike which ended this year, had shown the "now proven ability of Government, albeit at great cost, to accept, plan for and defeat a trade union challenge to its will." It also had shown the unions they could no longer pass resolutions of support at conferences, on the basis that they could take for granted the allegiance and support of their members, regardless of the issue.

He said that in general, industrial relations were changing for the better. He cited agreements breaking new ground and argued strongly that this was no time for pessimism.

Due to illness, the speech was read in Sir Pat's absence by Mr Eric Norcross, an Acas official.

New generation leaders support ballots

BY PHILIP BASSETT, LABOUR CORRESPONDENT

STRONG SUPPORT for ballots as a centrepiece of trade union democracy came yesterday from two of the new generation of trade union leaders. It was further evidence of growing union acceptance of the Government's labour legislation.

Mr Alistair Graham, general secretary of the Civil and Public Services Association, told the IPM conference that a future Labour government had to build in pre-strike and individual ballots into any new employment legislation. Mr John Edmonds, general secretary-elect of the General Municipal and Boilermakers Union, said that the public pressure for such ballots was now irresistible.

Their remarks preface joint discussions between the TUC and the Labour Party on what forms employment and union legislation an incoming Labour government should adopt and how much of the Tories' labour law should be repealed.

Mr Graham said that a Labour government should not approach the issue in the spirit of a debt to be paid off to its loyal supporters. What was needed was a framework of law which would take the issue away from constant party political argument.

Making clear his scepticism about what the law could usefully achieve in industrial relations, Mr Graham came out clearly in support of a replacement of the present system of trade unions legal immunities with one of positive rights. This is a direction in which some Labour Party leaders are already moving.

Included would be the right to strike, to be a union member, for a union to be recognised by an employer and a right of workers to be consulted about employers plans for future investment.

Arguing the case for a "sensible balance" between rights and responsibilities, he suggested that special labour courts might be necessary to ensure that such a system of positive rights would work.

"Would it now be a sensible protection against an employer flagrantly ignoring procedure agreements if they were legally binding? This is an issue worthy of further debate," said Mr Graham.

Mr Edmonds said that the unions needed to act to settle their members and the public's unease about their internal democratic procedures.

Maintaining strongly that unions were inherently democratic, although acknowledging some recent defects in this area, Mr Edmonds said: "What we ought to say is that the union movement will always ballot its members on a strike call. We ought not to put small print around it. We ought not to quibble about it. We just ought to say it, and then do it."

He praised in particular the successful campaigns carried out by unions in balloting their members on the retention of their political funds, not just because so far all 18 had voted in favour but because of the extensive and effective individual workplace balloting system which they all had used.

Acas peace plan for hospital row

By David Brindle, Labour Staff

A FORMULA for ending the year-old contracting-out dipute at Addenbrooke's Hospital, Cambridge', has been drawn up in talks held under the auspices of the concilation services Acas.

The proposed agreement would provide for staffing increases adding £96,000 to the £725,000 annual cost of the hospital's domestic services coitract held by OCS Hospital Services.

The formula, which will be put to the remaining 44 strikers next week, emerged in three-cornered talks involving the health workers' unions, OCS and Cambridge Health Authority.

It is believed that the authority would review the company's contract price to take account of the extra expenditure.

The dispute has been one of the focal points of the union's campaign against the Government's programme of enforced contracting-out of support services in the National Health Service.

Initially, about 150 domestic staff at the leading teaching hospital walked out in protest at cuts in pay and conditions made when OCS took over the contract on October 1, 1984.

They claimed their earnings were cut by as much as 50 per cent.

Under the proposed deal, 730 additional work hours would be written into the contract—allowing staff to recoup some lost income—and the strikers would be interviewed by OCS with a view to their employment.

Opposition to a settlement is likely to come from strikers who argue that the agreement merely formalises staffing increases which have already been effected on a piecemeal basis during the dispute.

NCU agrees 7% rise for BT workers

By David Brindle, Labour Staff

THE National Communications Union yesterday accepted a 7 per cent pay rise for its 150,000 members employed by British Telecom following a narrow vote against industrial action.

The union also accepted a two-stage pay increase totalling 5.5 per cent, but adding 5.3 per cent to the wages bill, for most of its 9,500 members employed by the Post Office.

Acceptance of the BT offer had seemed inevitable after the NCU's engineering group voted by 43,230 to 41,551 against any action to improve the deal. The much smaller clerical group voted marginally in favour of action but was unable to proceed independently.

However, the union said yesterday it had since negotiated improvements in the conditions which BT had attached to the 7 per cent offer and they were now acceptable.

BT, which had offered an alternative no-strings 6.75 per cent deal, had no comment on the union's assertion that it had relaxed the conditions. The settlement will be backdated to July 1.

The Post Office deal gives NCU members 5 per cent from July 1 and a further 0.5 per cent from November 1.

Sun Alliance to poll staff on union views

BY HELEN HAGUE, LABOUR STAFF

A SURVEY sponsored by Sun Alliance Group management aimed at gauging the views of 11,000 employees on collective representation preferences is to be carried out next week.

The survey will be conducted by independent consultants, and has the backing of the TUC affiliated Banking, Insurance and Finance Union and Salsa, the group's inhouse staff association.

Bifu currently holds sole negotiating rights for 3,900 former employees of the Phoenix Assurance Group, which was taken over by Sun Alliance in August last year.

Salsa has sole rights to represent the collective interests of other Sun Alliance staff, and has a membership of more than 5,000.

The initiatives by the management is seen as a tactic aimed at pre-empting a bitter inter-union recruitment battle when the two main UK businesses become fully integrated next year.

Salsa, which was wooed unsuccessfully by Bifu three years ago, plans to merge with the Association of Scientific, Technical and Managerial Staff, Bifu's rival union in the insurance field.

A ballot of Salsa members on the merger is expected to be held before the end of the year.

Sun Alliance is understood to want strong, effective representation for its employees.

The survey asks employees to indicate which form of representation they want. The choices are: Bifu; Salsa as a separate body; Salsa as part of ASTMS or any other union.

Both unions have been given space on the survey sheets to argue why they can best represent staff interests. Salsa is urging employees to back joining ASTMS.

Mr Peter Graham-Matheson, group personnel manager at Sun Alliance, said the survey was a fact-finding exercise to determine staff views.

Decisions on future recognition were likely to be taken after the results had been collated in November.

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Britain joins the majority

THE Chancellor of the Exchequer *might have found it* easier to get applause for his Mansion House speech on Thursday if he had been speaking in French. He was on a sticky wicket, it is true. He had to convince a financially sophisticated audience that although he was going to do nothing about a huge overshoot in what used to be the central definition of the money supply, his monetary virtue was untarnished, and that although the whole technique of *monetary control has* been turned upside down, the policy *remains the same. Le roi est mort, vive le roi!* would have *been a rousing way to put it.* Or, more downbeat, *plus ça change, plus c'est la même chose.*

But is it the same thing? Not really. When the Medium Term Financial Strategy was unveiled by Sir Geoffrey Howe, it seemed to be founded on a rock of certainty. The Government would control the money supply, which would reduce inflation; and to help in this process, it would progressively cut its own borrowings. With this fixed point of reference, the private sector would plan appropriately.

Deceptive

It was never as simple as that, of course, and the present Chancellor, Mr Lawson, reduced the two basic ideas to something like rubble as long ago as 1981, in a speech in Zurich which he quoted again on Thursday. He said then, and repeated this week, that the various measures of the money supply could be very deceptive at times, and so departures from target might have to be permitted. He also said then, but did not repeat, that the vagaries of the business cycle *might* cause the Government's borrowing to change.

These were thoroughly sensible observations, though they did rob the MTFS of its bedrock of certainty, and so Mr Lawson can justly claim that he is being consistent. He never pretended the MTFS was anything but vague. But this is only half the story.

What experience has shown us, but what Mr Lawson did *not mention*, is the fact that the figures for the broad money *supply and indeed for* Government borrowing can be made to look orderly *by means of* window-dressing. Reducing the money supply by lending the proceeds of gilt sales to industry, or reducing Government borrowing by selling assets instead of gilts, is not really at all the kind of discipline the MTFS seemed to imply. It is really because the City has seen clean through these not very deep deceptions that we needed a new policy.

There were a number of policies on offer. One, favoured *by the Chancellor personally*, would have been to join the European Monetary System, and so commit the Government to trying to maintain the foreign value of our currency or, more crudely, to take our lead.

Another *possibility* would have been to set a firm target *for a narrow* definition of money, and make it clear that if the banks found this too tight for comfort—because of excessive lending, or a flight from sterling — the Government would no nothing to help them out. This is monetary base control, as urged by some in the City, and practised, with more or less determination, in German-speaking countries.

Again, though, the Chancellor *refused to commit* himself. Narrow money is important, *and so is the exchange* rate, but so too are broad *money, and wage* rates, and anything else the Chancellor *thinks* fit. *He will use his discretion*; and we must trust that *discretion*, because he is famous for it. Of course, if some less trustworthy many were running the same policy . . . For MTFS, read Must Trust Firm Speeches.

Now while it is easy to poke fun at the rhetoric, the substance could make some sense. Monetary policy is about setting short-term interest rates, as every other Treasury in the world has always believed, and *not about bond rates*, the eccentric British belief since 1971. *And it depends on the judg*ment and resolution of those *in charge*.

Mr Lawson's operational judgments will be based on what he thinks is happening to inflation, and what he hopes is happening to the growth of money incomes. This is fair as far as it goes; the Treasury has a pretty good record of forecasting the cost of living.

Fluctuations

The trouble is that the RPI takes no account of financial values; and the fluctuations of financial and property values can cause financial chaos. If they rise unrealistically and then fall, they can leave debtors and their banks so exposed that monetary policy has to be relaxed willy nilly, as the Americans have recently learned. Excessive growth of *broad money and broad credit* can be a warning of such troubles.

However, even if we escape a British debt crisis, as we must hope, there remains the political problem. High short-term interest rates mean high mortgage rates, and high mortgage rates impact both on the cost of living and the opinion polls. Has the Government really bitten this bullet? The City will wait and see.

Michael Holman has just returned from a 5,000-mile journey in Ethiopia. He examines the problems of the drought-stricken country

A calamity contained but not resolved

Bob Geldorf, the Irish pop singer who has come to personify a fresh aproach to aid — a generous man-in-the-street response to disaster coupled with an impatience over red tape — arrives in Ethiopia today.

He will *now have to come to grips with the most challenging part of his new job: how to* spend the bulk of the $70m raised by Band Aid on viable medium- to long-term projetsc which will avert another catastrophe.

The first objectives of an international relief operation have been achieved. A week-long 5,000 mile *journey around* Ethiopia this month illustrated *that a remarkable joint effort by* the government's Relief and Rehabilitation Commission (RRC) and predominantly western donors has finally contained the calamity posed by the worst drought this century which threatened millions of lives.

Bob Geldof will no doubt take the opportunity to remind *the world that almost as much* aid will be needed in 1986. *But he also has a far more* complex task on his hands.

Ethiopia, perhaps the poorest country in the world, provides *the battleground, literally and* figuratively, for the issues that dominate Africa today: aid and ideologies are at odds, the *effectiveness of aid policies are* under scrutiny, rebel move*ments are seeking* secession or autonomy, and the major powers have adopted stances which have as much to do with their perceptions of regional security as Ethiopia's welfare.

It is almost a year ago to the day that the world's conscience was aroused by a stunning BBC television account of the famine-hit towns of Mekele and Korem in northern Ethiopia, portraying scenes which evoked accounts of the great medieval plagues.

In one scene from Mekele, skeletal figures were dying before the viewers' eyes. Thousands gathered round-eyed and resigned behind the low stone wall of a makeshift distribution centre where food was handed out to a fortunate few.

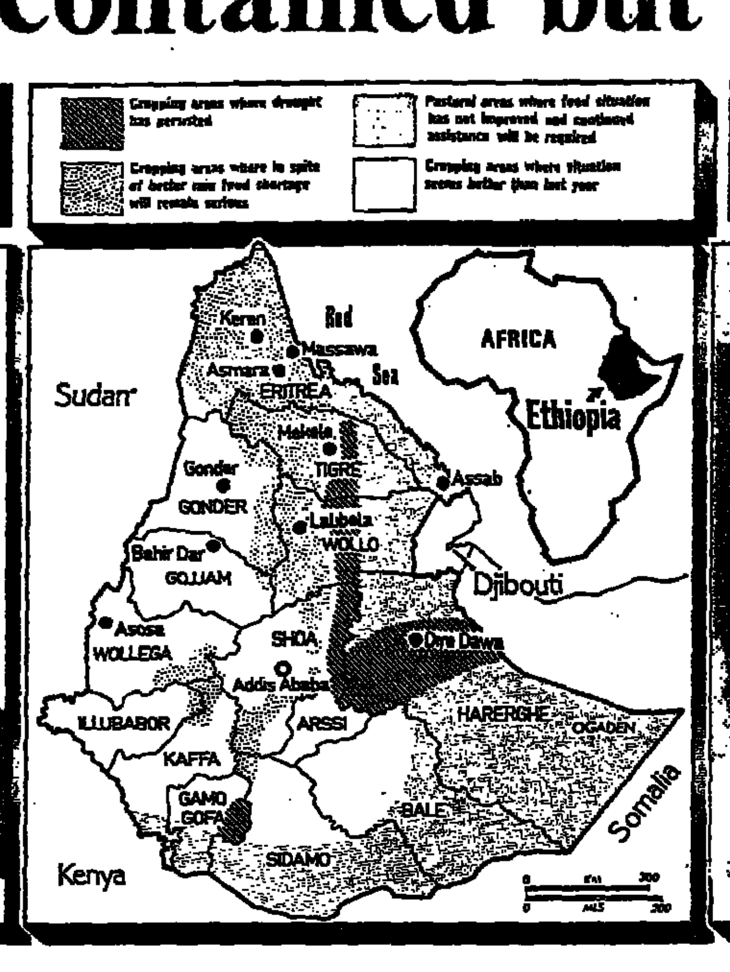
The images galvanised *western public opinion, at last* bringing home repeated warn*ings from the Ethiopian Govern*ment itself and relief agencies *that a catastrophe of epic pro*portions was in the making.

Mekele, Korem, Keren, Lalibela and other centres which because the focus of a tragedy in which hundreds of thousands have died are today transformed. Earlier this year, the Maiyduba shelter outside Mekele itself was caring for 15,000 people. Today there are only 1,800.

But the predominant impression left by last week's journey is the success of the *efforts* of the RRC and nearly 50 voluntary organisa*tions — and mainly western* governments — which have contributed to the relief effort.

Some 6.5m people have been regularly fed (15 *per cent of* the population) and by the end of this year 1.3m tonnes of food will have arrived. Under 5 per cent of the food has been "diverted" to the black market or the army, less than 1 per cent has soiled in storage, says Mr Kurt Jansson, *the UN assistant secretary* in charge of emergency operations in Ethiopia. *It represents* a level of honesty and efficiency *unmatched, he says, in his wide* experience of relief operations *elsewhere in the world.*

Mengistu



Geldof

Brena Radovic

Yet despite the fact that the rains have generally been better this year, the RRC and relief agencies are gearing themselves up for another massive effort. Rain is little benefit to peasants who have either been displaced or are without seed, oxen or tools. The RRC this month estimated that 5.8m people will need food aid totalling 1.2m tons in 1986.

The *first concern of officials* is what they term "donor *fatigue.*" Beyond short-term needs, relief agencies are *increasingly preoccupied* by the need to adopt medium and long-term measures to avert another catastrophe.

Over the past year thousands of western aid representatives have poured into the country offering advice as well as help. "At no time in Ethiopia's his*tory*," *says the RRC deputy* head, Mr Berhane Deressa, "has *the country been so open to* foreign scrutiny"—reflecting a tolerance of outsiders (*albeit* stemming from a degree of necessity) *seldom* found under Marxist-Leninist governments.

The government's longer-term measures are designed to tackle the problems of drought. Part of the Ethiopian journey took our group along the winding *road through the rugged*, parched, hilly terrain north*west of the Eritrean capital of* Asmara, and we turned off to *inspect a food-for-work* project backed by the European Economic Community.

Work on the earth-packed, stone-topped wall of the Shemanegus dam 12 miles from Asmara is nearly complete. The *plan is to use diesel pumps to* bring the water to farmers in *the area, now in its sixth year* of drought.

The dam could transform their lives. A visitor admires the dam but is sceptical about the pumps. Diesel consumes scarce foreign exchange—who *will maintain the pumps? (In* Tanzania, a third or more of *diesel-pump-operated* village water schemes no longer func*tion). Will spare parts be avail*able? Will they arrive on time? Local officials explain that maintenance costs will be borne by the community, a local man will be trained to maintain the pumps, diesel and spare parts, they assure us, will be available.

The *scepticism is reinforced* the next day where officials at Bahar Dar, *300 miles south*, describe a drilling programme which has brought water to 300,000 people. Ten of the EEC-supported project's vehicles are off the road for lack of spares.

The journey to Keren continues. The security problems in Eritrea, where rebel move*ments are seeking* independence, are brought home by the *military roadblocks every few* miles and the fact that civilian *traffic is banned after 4 pm.*

Further along the road new stone terracing winds around the hillsides, preventing further erosion. Some 12,000 miles of terraces have gone up this year (also under a food for work programme) and 7m tree seedlings have been planted. At the turn *of the century 40 per cent of* Ethiopia was forested. Today *it is under 4 per cent and fall*ing as a result of the fuel needs of a 42m population increasing at the rate of nearly 3 per cent a year.

At Keren *itself*, peasants are queueing for cans of butteroil marked "Food aid of the EEC to the people of Ethiopia" and sacks of wheat from the U.S. Security problems in Eritrea and neighbouring Tigre have led to controversy over the feeding schemes. How much is reaching the needy in rebel affected areas? Should it be channelled to Tigre and Eritrea through neighbouring Sudan under a safe passage assurance from the Ethiopian government?

In Addis Ababa, Mr Jansson *maintains that food is getting* through to at least 85 per cent of the people in need in the two provinces, a figure disputed by rebel spokesmen and some aid agencies. Wherever the truth lies, it seems that in Keren, like most other centres, the demand for help has eased for the timebeing at least.

Yet for all the conservation efforts made in Tigre, Eritrea and elsewhere, the journey brings home the truth of the government's assertions that the land in Wollo, Tigre, Eritrea, Gondar, the historical *cradle of Ethiopia*, can no longer support its population.

In addition to conservation projects the answer, says the government, is to resettle over 1m people from the arid lands of the north to the underpopulated, more fertile land in the south and south-west. Some half-a-million people have already been shifted in what is one of the continent's largest planned relocations of population.

Western governments have *refused to assist. Diplomats in* Addis Ababa argue that there *has been a degree of coercion* in the move, that there has been inadequate planning and preparation, and there may be two political motives — an attempt to move rebel sympathisers from the provices of Tigre and Eritrea, and an effort to speed up the "collectivisa*tion*" of the peasantry, one of the objectives of the Ten Year *Development Plan* outlined in 1984.

A visit to the *major* resettlement area around Asosa, a *small town* set in the rolling green hills of the south-west ("*Revolutionary motherland or* death," proclaims the red and gold banner over the *main* street) provides a less than definitive answer to the issues raised.

Megele resettlement village is a few miles from Asosa, with a stamped earth square, thatched meeting hall, rudimentary clinics and classrooms, a fish farm and a community which looks immeasurably healthier than counterparts in the north. Yet the first group of resettlement villages established in 1981-82 are still struggling to reach self-sufficiency. UN experience, says Mr Janson, *suggests this target requires at* least five years and also an investment of $5,000 per family over this period. "Since re*settlement is now a fact*," he says, "the West should support it."

Mr Berhanu Bayim, Minister of Labour, a senior member of the central committee of the Workers Party of Ethiopia (the sole legal political party) vigorously defends the schemes as well as the Ten Year plan. But are not peasants by nature conservative?

"They have to be revolutionised," replies the Minister.

The development plan, drafted with advice from Soviet economists, is a blue*print for further state control.* In agriculture, the number of peasant co-operatives is set to increase from 11,470 to 15,344 in 1993-94. If implemented, *this would* involve just over half the total number of peasant families and nearly half the land under cultivation, according to Western embassy assessments.

Western economists in Addis Ababa *argue that existing* state farms are characterised by poor management, low productivity and unsatisfactory rates of return on heavy capital investment.

No doubts about it centrally planned economy emerged in a two-hour interview with the Ethiopian leader, Colonel Mengistu Haile Mariam.

Colonel Mengistu says the experience of western food and development has provoked no reconsideration of Ethiopia's close links with the Soviet Union, whose military support since 1974 is put at over $2bn. While grateful for the western response, Mr Mengistu insists this has been "basically humanitarian obligation of every country."

It is probably unrealistic to expect any other response. Mr Mengistu is as closely allied to *the Soviet Union* as, for example, President Daniel arap *Moi in neighbouring Kenya* is aligned with the U.S. In both cases *regional strategic* considerations rather than the merits or shortcomings of different ideologies are the prime *considerations*.

The Horn of Africa, with Ethiopia's ports of Massawa and Assab, Djibouti, and Somalia's Berebera overlooking the oil routes through the Red Sea, has long been the scene of super power rivalry.

Under Haile Selassie Ethiopia was firmly in the Western camp and a major recipent of U.S. military support. The alignment, which shifted in 1974, took a further decisive turn in 1978 when the Somali invasion of the Ogaden threatened the survival of the *Addis government*. The U.S. government refused to deliver an already *paid for* much needed consignment of arms to Addis Ababa and the tide of the war shifted in the central government's favour only when Cuban troops arrived and the Soviet Union stepped up military supplies.

It is hardly surprising, then, that there is little indication that the urgings of western governments to carry out policy reforms, particularly in agriculture, are having any impact.

Thus when Mr Geldof seeks ways of spending Band Aid money beyond the immediate assistance in the form of trucks, he may find himself restricted. Western aid can help build a dam, but it cannot so easily influence the policies which determine how much the nearby farmers get for their crops or the system under which they produce it.

At the end of the day some fundamental development issues are in the realm of big power politics. And in the meantime, nearly 6m people in Ethiopia still need basic food aid from the West for at least the next year.

Man in the News

Wilfried Martens

A leader who stays on his bike. . .

By Paul Cheeseright in Brussels

WILFRIED *MARTENS will be* out on his bicycle today. Fifty kilometers along the Flemish coast. The same again tomorrow. But his mind will not focus on the ebb and flow of the sea. Rather it will be moving pieces in the Belgian political jigsaw.

He is in the throes of forming his sixth government, capitalising on what he calls the "political impulse" of last weekend's general election. Then the four parties which made up his fifth government—Christian Democrats and Liberals from the Dutch and French-speaking communities — increased their share of the vote from 48 to 50 per cent. The result was to give the coalition 115 seats in the 212-seat Chamber of Deputies, two more than at the 1981 general election.

For the 49-year-old veteran, whose only government office has *been* Prime Minister, and that now for six years, the result was better than either he or the members of his staff had dared *hope*.

He claimed, as the result began *to sink in, that this* was the first time any European government had been re-elected after following policies of economic restraint. He discounts Mrs Thatcher's last win —"I say nothing about the Falklands" — and sees the Belgian experience as making a more general point.

"The Belgian elections pro*vide a signal* for other countries of the EEC which are also confronted *with a policy of* economic recovery. The conclusion is that when you have a clear position and the courage to defend it — and if you have results as well — it is possible to win.

On Monday he plans to present a draft economic programme to *his coalition* colleagues and that is when the political horse-trading characteristic of Belgian politics will start in earnest.

In the pragmatic way of Belgian politicians, Mr Martens *makes the point* that "the essential objectives are common for the two *political families*—the competitiveness of the economy, redressing the public finances, tackling unemployment and social security reform.

The need to continue recovery on these four points is so evident that there's not so much place for philosophical discussions."

So austerity will continue. But that in fact is not the key to Mr Martens' political survival. Opposition politicians have been arguing that re-elected governments historically have never been able to see out a second term. And then there is the communal *issue—the cantan*kerous relations between Dutch *Flanders* and French *Wallonia*.

"To govern this country is largely a matter of how to avoid *a crisis on communal* and institutional questions," comments *Mr* Martens. His tactic will be to keep constitutional questions out of the new coalition and consign them to a study centre for reform in which he hopes to involve hitherto recalcitrant Socialists and Flemish nationalists.

He is himself a federalist. That in Belgian terms means devolving power from Brussels to the two regions. A Flemish politician could scarcely say less. His base after all is the northern town of Ghent.

And there he returns every night he can, eschewing the formal residence in Brussels. He returns to Mrs Martens, who does not seek to play the influential role attributed to Nancy in her relations with President Reagan or even to *Denis in his relations with Mrs* Thatcher.

Out of the political cauldron, in other words, to domesticity and the ordered serenity of Bach. Mr Martens has discovered music and he recently related* how "one day I told my colleague, Mrs Thatcher, how much I appreciated the BBC weekend concerts. She wondered how a *prime minister* could find the time for such dis*tractions* and *anyway didn't* know that the BBC had this type of music in *its* programme. I replied that man, whatever his work, mpst be able to be detached."

Mr Martens is not a 17-hours-a-day politician—12 hours is more normal. He has stepped up his sport—not only cycling, but swimming too—since a *heart operation* two years ago. This, the music, read*ing of biographies, are a con*scious form of training so that now he claims "I am more capable of concentrating on what is essential."

Like Mrs Thatcher though, he is, as they say, upwardly mobile. He came from a modest farming family where his mother was widowed early. Economies learnt then continue now. Lights are always on outside the cabinet room in Brussels. He turns them off every time he passes.

This is indicative of his patience and persistence. His great political skill is his ability to wait while all appears to be crashing round. Then he makes a compromise proposal at exactly the right moment it is likely to be accepted. He is now expected always to produce something. Martens will fix it.

The particular expertise was learnt in the Christian Democrat machine, where he spent his *time after training as a lawyer.* But that does not explain his now *unrivaled* position in Belgian politics. His own *explanation reaches out to the* intangible.

"You can't be Prime Minister in Belgium, you can't be a political star unless you have in you the profile of the population. I've been reading that I am not a charismatic leader—that is true, I think.

"*But I also think I have* the profile of the Belgians. It's a working population. A form of modesty is important. If the population has been looking at you for six years on the TV, there is no doubt if you are accepted or not. You can't say 'I'll try to think like a Belgian.' *You have it or you haven't.*"

His asset here is that he looks *reasonable. There is* a benign quality about the face conveying the impression that you can try and borrow some money from this man. But behind the spectacles, the eyes are hooded, tough, shrewd.

Despite the habitual squabbling in his coalition—Belgian cynicism would classify that as quite normal—Mr Martens has *come to represent stability* in a country of regional economic rivalry and endlessly volatile rhetoric. That was what Belgians voted for last weekend.

* *Parole Donnee, by Wilfried Martens, Didier Hatier, Brussels 1985.*

A snub for the Stock Exchange

"I DO not seek a monopoly for the Stock Exchange," said Sir Nicholas Goodison, the exchange's chairman, when addressing the white-tied ranks of fellow guests at this week's Lord Mayor's dinner at the Mansion House.

Yet he went straight on to claim that regulation could best be achieved by having all the business in UK securities transacted within the future membership of the Stock Exchange. If that is not a monopoly, it seems something very close to it.

This week the Stock Exchange has come face to face with the realisation that it will have to get involved in some tough political in-fighting if it is to carve out a dominant role for itself in the future international securities markets of the City of London.

Somewhat complacently, the Stock Exchange has assumed that the opening up of the City's markets would leave its members strongly placed to expand into the international arena. But with international securities firms instead poised to poach a large slice of the domestic market in big-name equities, it now sees only too clearly that the outcome could be very different.

Already much of the trading in stocks like ICI, Glaxo and BAT Industries takes place in New York, and a further possibly substantial, but unknown, volume of business is transacted through big American securities firms in London.

"We are being led down into the niche business rather than the big game," said one pessimistic London broker this week.

To preserve its influence the Stock Exchange is bidding to become the regulatory authority for a variety of foreign securities firms which in the past have been excluded from the domestic market place.

Under the new financial services legislation planned for the coming Parliamentary session, the U.S., Japanese, and many other firms which are active in the Euromarkets, will have to register with an appropriate regulatory organisation.

The Stock Exchange wants them to come under its umbrella, at least in respect of their trading in equities. But this week the foreign firms hel a big meeting at which they spurned the Stock Exchange's approach and instead voted overwhelmingly to set up their own UK body.

Provisionally called the International Securities Regulatory Body (Isro), it is designed to qualify for recognition by the Securities and Investments Board, the watchdog agency which will supervise the new regulatory framework due to be installed at the beginning of 1987.

This week's snub for the Stock Exchange was not a suddent affair, but it reflects tensions between the Stock Exchange and the Euromarkets which stretch back years.

In the past 20 years a huge international securities market has developed in London, trading fixed interest securities or Eurobonds. Capitalised at some $350bn. and growing fast, it is now London's biggest securities market.

The Stock Exchange has treated the Eurobond market with a mixture of suspicion and disdain. Last year one of the few London member firms active in Eurobonds, Kemp Mitchell, was effectively shut down by the Council of the Stock Exchange after alleged irregularities in Eurobond deals.

Shortly afterwards, in September 1984, Sir Nicholas Goodison attacked the Eurobond market for not having "the reputation for honesty that it should have." He added: "I have looked at Eurobond secondary market dealings and I do not like what I see."

This week at the Mansion House his tone was heavily patronising. "I am not opposed to people whose business has not been regulated before getting together voluntarily in appropriate new SROs and raising standards," he said.

The trouble is that Sir Nicholas is not dealing with grubby fringe firms craving respectability, but with the cream of the world's major securities houses. The Eurobond market is dominated by players like Merrill Lynch, Goldman Sachs, Credit Suisse First Boston and Deutsche Bank.

By all accounts, meetings between the Stock Exchange and the international securities firms have not gone well. Members of the Zurich-based Association of International Bond Dealers, the main Eurobond trade body, have been told that a special category membership of the Stock Exchange was investigated but was found to be "bristling with disadvantages" for them.

Certainly the foreign firms have not taken to the suggestions of the Stock Exchange that their bond trading should be regulated separately.

Having failed to prevent the moves to set up Isro, the Stock Exchange this week moved on to the attack. It claimed that such a new and untried regulatory body could lead "to a fragmentation of the central market in securities in the UK and a consequent undermining of standards of investor protection."

Regulation certainly does matter. The London Stock Exchange has maintained effective disciplines to protect small investors and has created an enviable reputation for honourable dealing. In contrast, the Eurobond houses have maintained the cavalier approach that big investors should know how to look after themselves and small investors either steer clear or find somebody to look after them.

The complex rule-book of the Stock Exchange, however, has always muddled up the question of which rules were designed to protect users of the market and which were designed to protect the interests of member firms.

Now the SIB will have to tackle the thorny question of whether a professional market place can be more lightly regulated than one which deals regularly with the general public — and whether it should step in to prevent Isro's members from draining the business in big turnover stocks from London's domestic market.

This week the Stock Exchange seemed to be short of friends. The chief executive of a major independent fund management group looked forward to the regulatory changes. "It will mean that at last there will be a decent market in equities in London," he said.

Barry Riley
Financial Editor

Sir Nicholas Goodison and John Wolters of the AIBD

Britain's options as the oil runs down

Max Wilkinson on the Lords report about the decline of the manufacturing sector

BRITAIN FACES a bleak future as its oil runs out unless radical efforts are made to revive manufacturing industry, a House of Lords committee said this week.

But Mr Nigel Lawson, the Chancellor, retorted that this was "special pleading dressed up as analysis and assertion masquerading as evidence." He vigorously rejected the idea that industry should be protected by a "cocoon of subsidies."

The argument is an important one and is not just about subsidies. It includes the broad question of economic management during the build-up of North Sea oil output and more importantly the strategy for its decline over the next 15 years or so.

The Lords select committee on overseas trade concluded that urgent remedies were needed to reverse the relative decline of British manufacturing industry. It was highly sceptical whether the growth of service industries such as retailing, broking and tourism could fill the gap. And it urged that Britain would need a strengthened manufacturing base to pay its way in the world as North Sea oil started to run down.

These issues raise strong passions, particularly among those who hark back to Britain's past glories as the major trading and industrial power of the world.

However, it is easy to be confused between the longer term trends — including Britain's gradual loss of competitiveness as a manufacturing power, the worldwide shift towards service industries or the effects of multinational trading—and the more immediate questions raised by North Sea oil.

The first question is whether the sharp decline of manufacturing industry after 1979 was in some way the inevitable result of North Sea oil coming on stream.

Some economists have argued that the steep rise in oil production was bound to displace manufacturing almost as a matter of arithmetic.

It is said that oil production causes a dramatic impact on the balance of trade, putting upward pressure on the exchange rate. But a higher pound makes UK manufactured goods less competitive in overseas markets so manufacturing output is squeezed.

On the face of it, this seems a good description of what happened between 1979 and 1981 when manufacturing output fell by 14 per cent and the balance of trade in oil swung from a deficit of £700m to a surplus of £3bn.

Now, with an oil surplus near its peak at close to £10bn, the question is whether a reverse process will happen smoothly as oil output declines.

Will downward pressure on the exchange rate help, then, to increase manufacturers' competitiveness and lead to increased production? Or have plant and skills disappeared irreversibly so that the UK economy stabilises at a lower level?

Economic theory says that the economy must come into a new equilibrium when the oil runs out, but this could well be at a lower level of output which make us all poorer.

This, in one sense, is the heart of the Lords committee's case. It may be right to argue, as Mr Lawson presumably does, that manufacturing industry should not be especially favoured at the expense of other parts of the economy such as the service sector, but there can be little argument that higher manufacturing output is desirable and will be needed, among other things, to compensate for the fall in oil output.

However, this point has in practice become more mixed up with the more heated dispute about the Government's management of the economy since 1979.

The most usual attack, with which the Lords committee shows some sympathy, is that the anti-inflation strategy brought in by the Conservatives in 1979 hit industry when it was already under fierce pressure.

Weakened by a long-term erosion of competitiveness, it faced the start of a world recession at a time when North Sea Oil production would inevitably push up the exchange rate. It was the height of folly, says these critics, for the Government to pile on the agony by tightening monetary policy and pushing up interest rates.

According to them, there was nothing at all inevitable about manufacturing industry being displaced by North Sea oil. The oil "cushion" could have been used to offset a rise in imports which would have resulted from running the economy at a faster pace.

So Britain might have ridden the crest of the oil wave, emerging with a stronger manufacturing sector than ever before.

This view is taken in some degree by many well-known economists. But it is by no means certain that the Government could have avoided the rise in the exchange rate at a time when Opec countries had increased surpluses to invest in London.

Secondly, inflationary pressures, which were already rising, might have become uncontrollable if the exchange rate had been allowed to weaken.

In future, Mr Lawson has said that the real exchange rate needs to decline as the oil surplus trickles away.

But the word "real" is crucial. He means that the price of British goods must decline in world markets, but this could happen either by a depreciation of sterling or by a better inflation performance in the UK than elsewhere.

Depreciation without control of domestic costs would simply lead to worse inflation and so be self-defeating. On this view there really is no easy way out. Manufacturers (and those in service industries) must cut costs and improve their products.

So, unless depreciation can be buttressed by a successful anti-inflation policy, improved exports needed to replace oil must be achieved by better performance. Reflation, as proposed by the Tory Wets or the Labour Party would boost demand at home only (unless it were worldwide), and would actually exacerbate the balance of payments problem.

The main alternative to the Government's strategy is therefore to subsidies industry there fore to subsidise industry through lower taxes and better export and other subsidies. It is simply a matter of judgment how much this should be done. Mr Lawson himself cut the National Insurance Surcharge for this reason.

The picture is not all bleak, however. The current account surpluses of the last six years have been matched (as they must be) by an outflow of capital mainly from pension funds investing abroad. These overseas assets, now worth £70bn, will provide a steady stream of foreign earnings which could cushion the effect of lower oil output.

Letters to the Editor

Equality laws

From the Chairman, Staff Committee, Greater London Council.

Sir, — You are to be congratulated for expressing your support of contract compliance (October 15) which was tentatively endorsed by David Waddington, Home Office Minister on Sunday only to be attacked by Alan Clark Employment Minister on Monday.

It is encouraging to find that one newspaper at least has seen through the red herrings and Aunt Sallies of "reverse discrimination," "quotas" and the "where will it all end" approach of the CBI and Government spokesmen.

The only example of a contract compliance policy in the UK is that which has been operated by Greater London Council for the past two years. It is soundly based on legislation and the codes of practice of the Commission for Racial Equality and the Equal Opportunities Commission, presented to Parliament by the Government. Neither reverse discrimination nor quotas, which have no legal basis in this country, play any part in our policy.

GLC carries out its own responsibilities under the equality laws by offering a free consultancy service to private sector firms on how to take positive and legal steps to avoid discrimination. As you rightly point out it is discrimination which is illegal, including indirect discrimination, although some people seem to prefer to avoid the implications of that fact.

We have discovered a woeful lack of understanding among employers about the full range of measures they could, and should be taking to help eliminate discrimination, not just against people from the ethnic minorities, but also against women and disabled people. A willingness to do so however ensures companies a place on our list of contractors and suppliers, which attracts a total of £700m worth of business annually.

If the GLC can be such a responsible guardian of public money, then surely the Government, with its vast resources and unique role, should lose no time in following its lead. We have therefore invited Lord Young, Secretary of State for Employment, and Douglas Hurd, the Home Secretary, to visit County Hall to see for themselves how contract compliance works, rather than rely on the contradictory and erroneous views presented by their juniors. We hope they will join us in telling employers "Obey the law or pay the penalty. No public subsidy for discrimination."

John Carr.
County Hall, SE1.

Peculiar Liberal constitution

From Mr M. Daniels

Sir, — Malcolm Rutherford (October 11) sums up the Liberals as "an odd bunch." The oddity really lies in the party's peculiar constitution, which gives double representation in the annual assembly to members of the separate organisations of women, students and youngsters. The party would be seen as decidedly more mature if, like the SDP, it adopted the principle of "one man, one vote." The dotty resolutions would dry up.

M. B. Daniels.
134 Bradshaw Road, Bradshaw, Bolton.

Defence Ministry management

From the Editor, Jane's Fighting Ships

Sir,—Your report "Defence Ministry project management criticised," by Mr David Fishlock (October 4) proved at least one point. Once released from the blanket cover of the MoD civil service even very senior naval officers either accept reality or, for the first time, speak their minds in public. Admiral Sir Lindsay Bryson's strictures on the MoD's methods are timely in view of the recent publication of the Committee of Public Accounts report on the current torpedo programme.

The cost-plus contract was very properly described as "a licence for technical and scientific orgies" but the appalling waste of time and money which has taken place over the last 40 years cannot be blamed on the defence manufacturers. Sir Lindsay chose the torpedo programmes as an illustration and here he was stepping on very boggy ground from the MoD's point of view. Twenty-five projects of which only three were successful is his estimate. But the simple fact is that British submariners still go to sea, and would have to go to war, with mixed loads of torpedoes which consist of the Mark 8 which ran its first trials in 1925-26 and Tigerfish. The latter, for many years a cantankerous and unreliable weapon, has now cost the country £1bn in the 26 years since its inception and will remain, despite huge sums now being put into its rehabilitation, no more than an elderly stop gap.

The 25 projects which the article mentions were conducted during the tenure of about a dozen or so Controllers of the Navy who were, presumably, either satisfied with progress or were persistently misinformed of the true state of affairs.

Both conditions would have suited the defence research establishments concerned with naval affairs so there is little point in pursuing the reason. Now Admiral Bryson urges "the Armed Forces not to use defence research establishments for development but only for research." Similar suggestions have been advanced for many years and been received with derision or in silence. It seems more than likely that, in view of Sir Lindsay's seniority and recent experience, the Ministry will refrain politely from comment—and the same old galliard of waste and expense will continue to the detriment of the nation's security.

Captain John Moore, RN.
Elmhirst, Rickney, Nr. Hailsham, Sussex.

Rising water charges

From Mr J Rowbottom

Sir, — The overall effect on this small hotel of tariff increases by the Yorkshire Water Authority in one year has been to increase unit costs by 14 per cent. The FT of October 14 suggests that a similar increase may be exacted in the coming year. And yet, alleged government policy is to help small businesses, and especially those in the service sector.

One possible defence is that the definition of policy in the Oxford English dictionary does not mention the word "consistent" but "expedient" is there, right enough.

J. Rowbottom.
The Racehorses Hotel, Kettlewell, Skipton, N. Yorks.

Indignant lady at festival

From Mrs E. Winckley

Sir, — In Mr B. A. Young's interesting report on the Cheltenham Festival of Literature (October 12) he referred in his last paragraph to "a lady who asked indignantly why she had to bear such offensive material from the Raving Beauties . . ."

I assume that he did not disagree with the comment since he did not say so, but he went on "It is a fair guess to say that she was not likely to have stayed after the debate for Angels of Fire given the next day". Unfortunately, she was unable to attend this discussion but was present at *Standing Female Nude* and also at the festival's prize winning competition when the Times Literary Supplement awards were given for women's poetry. She also attended several other readings of women's writings and was greatly impressed with the high standard of women's contribution, so much so, that at one of these meetings, she spoke for a second time to tell the audience that whereas the Raving Beauties had suggested to her that perhaps after all the superior sex was male, she was happy to note that all the subsequent readings had helped to restore her belief that maybe the female sex was superior—certainly in the literary field.

And now for the confession. I was "the indignant lady" referred to and I am sorry that Mr B. A. Young was not present to hear my re-assessment of the role of women in literature which was referred to so frequently at the festival.

Mrs E. Winckley,
67 Andover Road, Cheltenham, Glos.

No weekend service

From the Chairman, Subcommittee Private and Small Users, Telecommunications Users' Association.

Sir, — Is is stated policy of the Prime Minister and the Government to encourage and assist small business creation and self-employement. Activities in this branch of the economy frequently involve a high proportion of weekend work (catering from home, breakdown services, babysitting and other part-time domestic help, garden centres etc.) and therefore entail dependence on the telephone. This group has no use for the Telex. An out-of-order telephone over the weekend will make havoc of earnings and may put an untimely end to the newly launched undertaking.

But what does British Telecom do? It closes the 151 repairs service from Friday 5 pm until Monday morning (and every weekday at 5 pm) which means that the brave little entrepreneur can be left without his life-line for three days and more. For elderly people, living on their own, this arrangement can, of course, be lethal — but that is another and even sadder story.

In what kind of cloud-cuckooland does British Telecom make its decisions? Maybe it should divert some of the money it spends so freely on its self-congratulatory advertising to finance a study trip for its managers to the U.S. to learn from AT & T how to make money for the shareholder and ensure an adequate service for the user. And if it does not do so soon, given British Telecom's de facto monopoly position, should not the Government through OFTEL see to it that BT users, and not only BT shareholders, get what they are entitled to: an efficient 24-hour -seven-days-a-week repair service with sufficient operator staff to underpin it (staff cuts by BT to the detriment of the user are definitely not an acceptable excuse for standards more in step with Ruritania than with a modern service economy).

(Mrs) Inga Haag,
34, Grand Avenue, N10.

Post Office prices

From the Director, Mail Users' Association

Sir,—The director of Post Office public relations (October 10) omitted to point out that some overseas mails prices will be increased at several times the current level of inflation from November 4. Moreover, it is the Post Office's declared aim to increase these prices next year and the year after. At a time when Government Ministers are exhorting British industry to export more, the Post Office is pursuing policies which put obstacles in the way of exporting. These policies will, however, have a direct impact on the balance of payments. Users of overseas mails will respond by either cutting export activity or shifting mailings abroad to be carried out by foreign administrations. Such mailings will then count as invisible exports.

The director of Public Relations also neglected to mention two other points. An increase of 8 per cent in inland parcel rates has been tabled. Historically mail rates overall have increased by 40 per cent above the retail prices index since 1970. To re-establish the relationship between mail prices and RPI which was typical in the post-war period up to 1970 would mean a first class basic letter rate of 12p at most, and 10p for second class. When service cuts which started in the 1960s, for which customers have received no compensating financial benefit, are taken into account, these prices should be even lower.

Michael E. Corby.
137 Dulwich Road, SE24.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc.—instant access/no penalty 9.50 Higher interest account 90 days' notice or charge 6.50/8.81 Cheque-Save 9.05/9.50 "City" Cheque-Save
Aid to Thrift	*10.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	9.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly. 8.75 Banksave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500 8.75 Gold Plus, minimum £500, immediate withdrawal, interest annually or monthly
Anglia	7.00	8.00	9.00 Instant Gold £250-£4,999. No notice/penalty 9.25 Instant Gold £5,000-£9,999. No notice/penalty 9.50 Instant Gold £10,000+. No notice/penalty
Barnsley	7.00	9.00	9.95 Summit account — £1,000+ — 3 months' notice 8.85 Special invest. (28 days' notice) 10.10 monthly inc. a/c
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum 9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice. No penalty 9.55 £10,000+, 9.30 £5,000+, 9.05 £1,000 7-day notice Triple Bonus. Also monthly income 9.75 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	9.50 60 days' notice
Cardiff	8.50	8.60	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond. Monthly income. 90 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.50 Cheltenham Gold. No notice. No penalties £5,000+ 9.50, £500-£4,999 9.00, under £500 7.00. Monthly income avail.
Cheshunt	7.00	8.50	9.75 £20,000-£250,000, 9.25 £1,000-£19,999 inst. acc. no pen.
Citizens Regency	7.00	—	8.75 7 days, 9.10 1 month, 9.25 2 months, 8.90 3 months
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income 9.00 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+. close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential 9.55 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+ instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.50 Gold Minor account for 0-18-year-olds
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-9.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50/9.00/8.50/8.00 Instant xtra (minimum £500) 9.50 90-day xtra. 90 days' notice/no penalty (minimum £500) 9.00 Cardcash (£2,000+), 7.00 (£1-£1,999)
Heart of England	7.00	8.25	9.80 and 9.55 High Interest. 8.50 Gold Key
Hemel Hempstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	9.00 7-day account. Minimum £500 3-month 9.75
Hinckley and Rugby	7.00	9.80	10.00 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und. £10K. 10.25 ov. £10K mag. a/c 6 w. + loss of int.
Leamington Spa	7.10	—	8.75 Spa income monthly no notice/penalty £6,000 minimum 9.50 High flyer—no notice/no penalty £20,000 minimum 9.25 High flyer £5,000 minimum. 9.00 £500 minimum 10.15 Super share no not., 14 days' penalty £20,000 minimum 9.85 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	9.75 Monthly interest. 9.25 28 days' notice, 9.55 60 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+
Midshires	7.00	—	8.25 Matchq. Bal. £10K+. £2,500-£9,999 8.75. —£2,500 7.75 9.60 3-yr. term. 2.50 gtd. £500/£1,000 M.I. 3 mths.' not./pen.
Mornington	9.10	—	9.10 £2K. 9.25 £2K+. 9.35 £10K+. 9.50 £20K+
National Counties	‡7.30	8.65	9.80 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty 9.60 Special share 60-day notice/penalty unless £10,000+ 9.50 Money man. £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flex Account £2,000+, 7.25 £25-£1,999 9.60 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 8.75 £500+, 8.00 £100+, no notice, no penalty 9.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	9.50 Plus bonus. Two-year term. 9.00 28 days' notice. 8.75 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	9.55 Moneyspinner plus £10,000 or more 9.30 Moneyspinner plus £5,000 or more 9.05 Moneyspinner plus £500 or more
Norwich	7.00	8.25	8.75 7-day/monthly income option/9.00 on £10,000+
Peckham	7.65	—	8.65/9.75 Immediate withdrwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	10.00 Double guarantee. 3% diff. gtd. 90-day monthly interest
Portman	7.00	9.25	9.90 Gold seal. Min. £1,000. 1-yr. term then 3 months' notice 9.00 Flexi-plus. Minimum £500 no notice immediate withdwl.
Portsmouth	7.15	8.65	10.00 3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	10.25 2 y., 10.00 £20K+, 9.75 £10K+, 9.50 £5K+, 9.30 £500+
Scarborough	7.00	8.25	9.20 Over 55s no pens. M.I. min. £10,000 9.20 no not./pen.
Skipton	7.00	8.25	9.85 Sovereign £5,000+, 9.35 £500-£4,999 monthly income 9.35 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75, 9.50, instant or notice
Sussex County	7.00	8.50	9.75 90 days, 9.50 monthly income, 9.25 instant access
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available 9.80-5.75 Moneywise cheque/Visa. Interest varies with bal. 9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	9.00 Prime £500+, 9.25 £5,000+ 9.50 £10,000+, no notice no penalty 9.50 Capital. 90 days' notice/penalty. Minimum £500
Yorkshire	7.00	8.00	8.90 Dia. key £10,000+ wdl. no pen. —£10,000 28 d. nt./pn. 9.80 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

UK COMPANY NEWS

GrandMet talks on Mecca buyout

BY MARTIN DICKSON

Grand Metropolitan, the brewing, hotels and leisure group, confirmed yesterday that it wants to dispose of its Mecca Leisure and Warner Holidays subsidiaries and is holding talks with executives of the companies on a possible management buy-out.

The businesses are believed to have made pre-tax profits last year of between £5m and £10m and GrandMet is likely to want well over £50m for them, possibly as much as £75m-£100m.

Mecca Leisure's operations include 100 bingo and social clubs across the country, ice rinks, bowling alleys, snooker halls, squash and health clubs and one of Britain's biggest chains of discotheques. It also runs a catering service.

Warners has 11 British holiday camps and runs short-break foreign holidays through a company called Travel Scene.

GrandMet made clear yesterday that while it is discussing a buy-out with a management team led by Mr Michael Guthrie, chief executive of both Mecca Leisure and Warners' it is also open to approaches from outside companies.

The company said that while the businesses were currently operating at good levels of sales and profitability, their development was "not considered to be part of Grand Metropolitan's long term strategic objectives."

Although the two have a combined turnover of about £120m, they represent only 2 per cent of GrandMet's total sales.

During the past few years the main thrust of GrandMet's investment strategy has been to reduce its dependence on the mature UK market through a string of acquisitions in the U.S. This year alone, it has spent $386m (£274m) on Pearle Health Services, America's biggest retailer of eyecare products, and $124m on Quality Care, an operator of home nursing services.

Within the UK, the strategy has been to trim back peripheral operations in mature markets—such as Mecca Leisure—and to concentrate on core activities such as hotels, food and brewing.

City analysts generally welcomed the idea of the disposal and GrandMet shares—which rose 17p on Thursday amid rumours of a deal—closed a further 3p higher last night at 365p.

GrandMet said yesterday that the group did not intend to dispose of its Mecca book-making and casino interests, which have attracted speculation in the past about a possible buy-out.

The company expects to make a further statement on the progress of the talks in late November or early December.

See Lex

Mr Stanley Grinstetad.

Stothert & Pitt in loss at £0.4m

THE ANTICIPATED profit for the full year was not realised at Stothert & Pitt, Bath-based engineer, which followed its £129,000 loss for the first half with pre-tax loss of £449,000 in the year to end-June 1985. Profits of £908,000 were made in the comparable period.

The directors blame the losses mainly on the cost of funding and delay in delivery of two of the company's offshore crane contracts together with the continued pressure on margins generated by a depressed home market on all products.

Turnover improved from £27.92m to £30.2m, and the pre-tax figure was struck after lower depreciation of £440,000 (£510,000), and higher interest charges of £613,000 (£546,000).

Continuing high interest costs will be reflected in the first half results of the current year, the directors say. However, with the consolidation and development of new business structures they are confident that the second half will produce a profit for the year as a whole.

In September 1985 a radical restructuring, with the emphasis on accountability along product lines, wase effected, with four fully-autonomous businesses — cranes, contractors' plant, pumps lines, was effected, with four

After a tax charge of £2,000 (£34,000) losses per £1 share emerged at 17.3p against earnings of 33.9p. Last time there was an extraordinary credit of £232,000.

Hillsdown's £3m furniture bid

BY FRANK KANE

Hillsdown Holdings, best known for its tinned and frozen foods businesses, is to further strengthen its furniture interests via the £2.7m agreed acquisition of Walker & Homer, a South Wales-based furniture manufacturer.

The move follows Hillsdown's £6m purchase last August of Christie Tyler, then the largest manufacturer of upholstered furniture in Britain. Mr Harry Solomon, joint chairman of Hillsdown, said that the latest purchase would make for a complementary mix between the two companies, but that the furniture division would remain at "something less than 10 per cent" of total group turnover.

The terms of the deal are two new Hillsdown shares for every 17 W & H shares, or 20p in cash per W & H share. If accepted in full the share offer will mean the issue of 1.61m new Hillsdown shares, or less than 1 per cent of existing equity.

The W & H chairman, Mr David Mears, has joined three other directors in pledging their own share interests for the offer. These amount to 5.14m shares, or around 38.4 per cent of W & H equity.

Hillsdown's rapid growth over the past two years has largely been the result of buying loss-making or poorly performing companies, and the W & H purchase seems to fit within this trend. Its profit record since 1981 has been irregular, but in the year ended July 31, 1985, it made pre-tax profits of £540,000 against a comparable £455,000, on turnover of £22.81m (£22.53m).

As with other Hillsdown purchases, it is the intention that the present senior management and workforce at W & H will be left largely intact, and that the newly acquired subsidiary will operate more or less as an autonomous unit

Dan-Air losses rise midway

HIGHER depreciation, aircraft hire charges and interest payments contributed to an increased pre-tax loss in the first half of 1985 for Davies & Newman Holdings, despite an increase of 33 per cent in operating profit.

On turnover up by 23 per cent from £99.91m to £123.27m the taxable result for this airline operator, shipbroker and agent was a loss of £3.58m, compared with £2.97m last time. Because of the traditional trading pattern in Dan-Air the group usually suffers a loss in the first half.

The loss per share came out at 29.9p, compared with 22.72p last time, adjusted for last year's one-for-ten scrip issue. The interim payment was 3p, against an adjusted 2.73p. Last year there was a total dividend of 10p from pre-tax earnings of £3.11m.

Operating profit was higher at £5.55m, against £4.19m. But there was a lower contribution from associated companies of £377,000 (£431,000) and higher depreciation of £2.98m (£2.26m), aircraft hire charges of £5.57m (£5.03m) and net interest payable of £955,000 (£302,000).

Mr F. E. F. Newman, chairman, says that the increase loss was due in part to higher interest charges on aircraft loans.

At Dan-Air the utilisation of aircraft was almost exactly the same as the year before, but the fall-off in demand by the public for inclusive tour holidays in the spring had an adverse effect on activity in the early part of the season.

Mr Newman adds, however, that in spite of the difficult market conditions all the company's aircraft worked to capacity during the peak summer months, although margins came under pressure.

The shipbroking company continued to trade actively, producing a result similar to the first half of last year. The associate companies, Dan-Smedvig and Gatwick Handling, maintained steady progress and made a real contribution to the group.

There was a tax credit of £1.48m, up from last year's £1.37m, leaving the attributable loss at £2.1m, against £1.6m. The dividend absorbed £211,000 (£191,000)

Owen Owen bid clouded by Burton rumours

By Frank Kane

CLAYFORM PROPERTIES' contested £40m bid for Owen Owen, the Liverpool-based department store group, took a surprising turn yesterday with accusations that a false market had been created in Owen Owen's shares.

Following an unattributed press report that Mr Ralph Halpern's Burton Group might emerge as rivals, Mr Halpern said: "It is not proper for a public company of our size to be drawn into commenting on pure market speculation. We watch all retailing developments with continuing interest."

This cautious statement brought an angry response from Samuel Montagu, the merchant bank which is advising Clayform. "There have been rumours of Burton's interest for weeks and while that was mere speculation it would have been unreasonable to expect Burton to comment.

"But now there is a statement in today's paper that Burton is considering a rival bid and the shares are up 50p in two days and there could be a totally false market. Burton should jolly well say 'yes' or 'no' and not just 'don't know'."

Owen Owen's shares closed at 490p, up 10p and 35p ahead on the week. This is a great deal more than the value of the Clayform offer, which, in a cash and a paper deal, values Owen Owen shares about 412p. Clayform was up 15p at 238p.

Allied-Lyons urges holders not to sell

By Martin Dickson

ALLIED-LYONS, the food and drinks group which faces the threat of a takeover bid by Elders IXL, the Australian company, yesterday sent its shareholders a letter urging them not to help Elders by selling their Allied shares.

Elders, which has been trying to put together a consortium bid, will announce on Monday whether it intends to to proceed with an offer.

Sir Derrick Holden-Brown, Allied's chairman, said in the letter that shareholders might face "an onslaught of documentation from Elders" and a continuance of "ignorant jibes about your company."

"We, for our part, will aim to be clear and concise and stick to the fundamentals which demonstrate the great strength of Allied-Lyons," he said.

U.S. interest in Spurs

By Frank Kane

TOTTENHAM HOTSPUR announced yesterday that a U.S. investor, Mr Isadore Brown of New Jersey, had bought a 5 per cent stake in the company, the only football club with a public listing.

The purchase, however, was not enough to lift the depressed shares, which have been hit by the uncertainties over the future of English football and, more recently, by the north London riots. They closed unchanged at 62p, well short of the 100p issue price two years ago.

Mr Brown is understood to be an English emigré who has built up a property and retailing business in the U.S. He is on record as saying that he would like to add to the 460,000 shares currently declared, and that he would like a seat on the Tottenham board.

Mr Paul Bobroff, chairman of the company, said yesterday that he believed Mr Brown was holding the shares as an investment. He had met him once, about two years ago, "when he came to a match."

Bairstow Eves shares climb

Bairstow Eves, the estate agent chain which has for some time been the subject of persistent bid rumours, saw its shares climb still further yesterday. They closed at 119p, up 6p on the day, for a new 1985 high.

Mr Paul Staden, the finance director, said that he could not comment on market speculation, but added that he thought the price rise might be in anticipation of a forthcoming stockbrokers' report on the estate agent sector.

Market favourites for an offer have been the larger financial conglomerates, with Lloyds Bank tipped as the most likely.

RTZ buys 30% stake in big Chile copper project

BY STEFAN WAGSTYL

Rio Tinto-Zinc Corporation, the natural resources and industrial group, is paying $48m (£34m) for a 30 per cent share in the La Escondida copper project in Chile.

The acquisition gives RTZ a stake in what is believed to be the world's largest undeveloped copper deposit, which will cost an estimated $1.1bn to bring to production.

The company said that it was joining the La Escondida project because it expected copper prices to be firmer in the 1990s when the mine would be among the lowest cost, longest life producers in the world. It is paying $30m now with two further payments of $9m each later, depending on progress of the project.

Its partners are Broken Hill Proprietary, the Australian natural resources group, which has a 60 per cent stake and Mitsubishi Corporation of Japan with 10 per cent. The consortium has been put together by BHP, which bought out its former partner, the U.S. oil company, Texaco.

BHP said that the partners planned to complete a feasibility study over the next 12 months and to arrange financing. This is likely to involve a mix of equity funds and borrowings.

Mr Brian Loton, BHP's managing director, said that if these efforts were successful construction could start in 1987 and the mine could be in production by 1990.

The confidence of BHP and its partners contrasts sharply with the prevailing gloom of the copper industry, which has been struggling in the 1980s with low prices caused by over-capacity.

La Escondida was discovered in 1981 by the U.S. companies Utah International, which was acquired in 1984 by BHP, and Getty Oil, which has since been bought out by Texaco.

Estimates of its reserves have risen from 545m tonnes to 675m tonnes of ore close enough to the surface to be mined by open-pit means. BHP says its annual output will be 300,000 tonnes of copper, which would make La Escondida the world's second largest mine, after Chuquicamata, which is also in Chile.

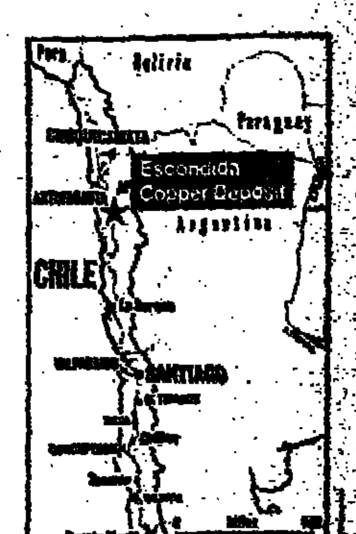
The $1.1bn development costs cover the construction of an open pit mine at the deposit in the Atacama desert in Northern Chile, a plant to turn ore in concentrate, a 160km-long pipeline and port installations on the coast.

For RTZ, La Escondida is the second major move this year to expand its copper interests. In the summer it paid $87m for 49 per cent of Somincor, a Portuguese company formed to exploit rich reserves at Neves Corvo in Southern Portugal. The mines is expected to cost some $200m to bring to production.

RTZ's copper interests, in mines RTZ's copper interests, in mines in South Africa, Papua New Guinea and elsewhere, contributed some 2.1 per cent of the group's net profits of £210.7m in 1984.

The group has also expanded strongly in other directions, buying a stake in Enterprise Oil in the UK, during privatisation last year, and last month acquiring, through its Canadian arm Rio Algom, an 87.8 per cent stake in the Potash Company of America, which mines potash in Canada.

Sir Alistair Frame, chairman of Rio Tinto-Zinc Corporation



Saudi holding in Aitken Hume

BY CHARLES BATCHELOR

A SAUDI ARABIAN investment company will become the largest shareholder in Aitken Hume International, the UK-based fund management and banking group, following Aitken's purchase of Sentinel Insurance Company in a £16.5m deal.

The Saudi Investment & Finance Corporation (Holdings) (SIFCORP), an international investment company with substantial interests in North America, will hold a 12.45 per cent stake of Aitken as a result of its financing of part of the Sentinel purchase.

SIFCORP will take up 5.67m of the 11.2m shares being issued at 141p each by Aitken to fund about £15m of the net value of the deal, the remainder being paid in cash.

Dr Ziad H. Idilby, president and chief executive officer of SIFCORP, will join the Aitken board.

Aitken is making a recommended offer for Sentinel, a private life assurance group, in order to have a platform for the more rapid expansion of its unit trust and investment management business in the UK.

About 60 per cent of Sentinel's shares have been held by the liquidator of the Israel-British Bank (London) which collapsed together with its Israeli parent company, the Israel-British Bank of Tel Aviv, in 1974. A large slice of Sentinel's shares had been pledged to secure loans by the London arm of the bank.

Aitken has arranged the placement of the shares to fund the deal following the problems it experienced with the rights issue which fuded its last major acquisition. Fifty-nine per cent of the shares issued to finance the purchase of National Securities and Research Corporation, a U.S. fund manager, in October 1983 were left with the underwriters.

Apart from the Saudi investment company, subscribers to the new Aitken shares are: London & Manchester Assurance Company (875,000 shares), taking its holding to 9.2 per cent; Starecastle Assets (875,000 shares); Gartmore Information & Financial Trust (750,000), Eagle Star Insurance (250,000); clients of Laing & Cruickshank (550,000); the Beaverbrook Canadian Foundation (1.2m) and Mutual Shares Corporation (1m).

Sentinel had a long-term business fund of more than £48m at March 31, 1985 and shareholders' funds of £2.3m. Net premium income was £7.1m in that year. The solvency margin was six times the required minimum figure.

Aitken has agreed with the Department of Trade that Sentinel will allocate not less than £4m of its investment reserve to improve the level of maturity values and death benefits for with-profit holders.

Aitken expects to pay an unchanged interim dividend of 2.25p for the year ending March 1986 with a total of 7.7p 10 per cent up on last year. The new shares will not rank for the interim.

Aitken will seek its shareholders approval for the deal at a meeting on November 11. It has been adivsed by Morgan Grenfell, the merchant bank.

Milbury Homes sells six sites to John Maunders

BY CHARLES BATCHELOR

Milbury Homes South, part of Mr Jim Raper's Milbury Group until he sold 79 per cent of Milbury to Poco Properties in August, plans to sell six building sites to John Maunders Group Construction.

Maunders has exchanged contracts for the deal, but completion depends on High Court approval because a petition has been filed for the winding up of Milbury. The petition is expected to be heard next month.

Milbury Homes South and Westminster Property Group were moved into St Piran, Mr Raper's holding company, before he sold Milbury Homes for £1 to Poco, a private company, in August.

The Department of Trade has appointed inspectors to investigate the affairs of Milbury.

Maunders declined to reveal the value of the proposed purchase. It will buy sites at Cowplain, near Portsmouth, at Totton, near Southampton, two sites at Verwood, near Bournemouth, and at Poole and Weymouth.

Mr Maunders, chairman, said: "We have been negotiating with Milbury for some months and have acquired prime development sites which will give the group a significant presence in the South."

Cartier reduces holding in Caffyns and Dart

Mr Lew Cartier, the former supermarket chief, has reduced his holdings in Caffyns, the Eastbourne-based vehicle distributor and in MY Dart, the maker of sports equipment and packing.

Caffyns said yesterday that Mr Cartier had sold 70,000 ordinary shares reducing his holding to 475,000 shares, 14.66 per cent of the ordinary equity and 9.06 per cent of the voting equity. Caffyns shares fell 2p to 172p.

MY Dart said Mr Cartier had cut his holding to 900,000 shares, or less than 5 per cent, after holding more than 10 per cent at one stage earlier this year.

Mr Cartier, who sold his Cartier Superfoods group to Tesco for £19m in 1979, recently made two unsuccessful bid attempts. He failed to win Maynards, the newsagent and sweet maker, in February 1984, and lost Cullen's Stores in a three-way contest in December 1984.

Dart also announced yesterday that Mepstar Finance and its shareholders, Mr J. W. Newman and Mr N. D. Shipp, had increased their stake in its equity by 250,000 shares to 1.45m shares. 7.6 per cent of its total issued capital.

Dart's shares rose 1p to 29½.

Milletts losses increase to £0.8m halfway

INCREASED LOSSES of £804,000 were incurred by Milletts Leisure Shops in the half-year to July 29 1985, compared with £546,000 previously. For the year to January 28 a loss of £396,000 was reported, after profits of £168,000 in the second half.

Mr Alan Millett, the chairman of this Northampton-based leisure wear retailing group states that the directors are confident that with the rationalisation so far completed and the new merchandising policies adopted, there will be a substantial improvement in trading in the second half, which, following the normal trading pattern, includes the important Christmas period.

The directors are reducing the interim dividend from 2.95p to 1p per share. Last year's total was 3.95p.

The rationalisation of the group's shops following the acquisition of Wakefields Stores in 1984 is now complete, the chairman says. Most of the shops surplus to requirements have been sold, and there will be some further sales in the second half.

Trading losses in respect of the shops sold, amounting to £439,000 (£156,000), together with interest charges on the cost of the Wakefields acquisition and the increased depreciation charges of £460,000 (£273,000), on the enlarged branch network, contributed to the £1.55m (£577,000) trading loss for the period.

These losses have been partially offset by the £745,000 (£31,000) profits realised on the disposal of the surplus branches. The directors have arranged for a revaluation of all properties in view of the major changes that have taken place and this is currently being undertaken. They believe this will show a substantial surplus to book value.

Trading surplus for the half-year from retained branches was £11,000 compared with a £13,000 loss.

Overall, net losses, after a tax charge last time of £26,000, amounted to £804,000 (£572,000) for losses per 20p share of 15.5p against 11.3p.

Minorities took £16,000 last time, and there was a £24,000 extraordinary charge this time. An increased £855,000 (£714,000) was transferred from reserves.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allebone ....int	0.25	Dec. 6	0.25	—	1.5
Border & Sthn.	2.3	Jan. 3	2	3.6	3.3
CFS ....int	0.7	Dec. 19	nil	nil	nil
Davies & Newman ...int.	3	Feb. 1	2.73*	—	9.09*
Jayplant	0.25	—	0.25	0.25	0.25
Lake View ....int	1	Dec 2	0.8*	—	2.33*
Milletts Leisure ......int	1	Dec. 12	2.95	—	3.95
Nth. Sea Assets	0.5	Dec 17	0.5	1.5¶	0.5
Scottish Metro	2.3	Jan. 13	2.15	4	3.75
Smaller Cos. ....int	0.5	Jan. 6	0.5	—	1.7
Stothert & Pitt	nil	—	3	nil	3
J. O. Walker ....int	1	Jan. 6	1.5	—	5

Dividends shown pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includes special payment of 1p.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Fri Oct 18 1985. Highs and Lows Index.

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs Oct 17 Index No.	Wed Oct 16 Index No.	Tues Oct 15 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	546.32	+0.4	10.58	4.15	11.85	13.61	544.28	541.80	540.89	510.57	577.15	22/1	483.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	589.72	—	11.13	4.53	11.19	15.29	589.93	579.64	578.18	463.78	589.93	17/10	472.11	26/2	589.93	17/10/85	44.27	11/12/74
3	Contracting, Construction (28)	917.01	+0.1	11.18	4.63	11.36	24.76	916.46	908.02	908.89	656.58	917.01	18/10	684.17	8/3	917.01	18/10/85	71.48	2/12/74
4	Electricals (13)	1521.77	−0.1	10.61	4.95	12.10	45.52	1522.96	1520.22	1522.76	1499.92	1701.64	22/1	1289.36	10/7	1989.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1296.83	—	11.72	3.48	11.26	30.35	1297.10	1303.33	1308.51	1859.62	1977.60	9/1	1229.01	8/10	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	320.06	+1.1	10.59	4.49	11.44	8.08	316.73	314.76	312.48	251.27	320.06	18/10	263.85	25/7	320.06	18/10/85	45.43	5/1/75
8	Metals and Metal Forming (7)	216.43	—	12.09	7.36	10.26	5.98	216.36	213.56	212.18	161.28	216.43	18/10	165.08	14/1	216.43	18/10/85	49.65	6/1/75
9	Motors (16)	189.35	+0.7	12.24	4.49	9.91	4.93	187.95	187.59	183.92	134.79	189.35	18/10	142.57	3/1	189.35	18/10/85	19.91	6/1/75
10	Other Industrial Materials (20)	1011.60	+0.8	7.41	3.57	16.19	23.43	1003.99	1000.67	1002.29	689.04	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (177)	717.85	+0.6	8.93	3.74	14.01	14.24	713.90	706.98	701.87	538.37	717.85	18/10	604.96	3/1	717.85	18/10/85	61.41	13/12/74
22	Brewers and Distillers (23)	754.76	+0.3	9.13	3.83	13.92	13.92	752.46	739.92	734.45	497.09	754.76	18/10	550.86	3/1	754.76	18/10/85	69.47	13/12/74
25	Food Manufacturing (22)	529.05	+1.5	11.14	4.63	11.60	13.66	521.26	513.90	507.93	434.62	529.05	18/10	471.62	25/7	529.05	18/10/85	59.67	11/12/74
26	Food Retailing (14)	1679.68	+0.7	5.88	2.51	23.02	22.79	1667.70	1646.92	1643.05	1271.17	1679.68	18/10	1400.36	1/3	1679.68	18/10/85	54.25	11/12/74
27	Health and Household Products (9)	1093.61	+0.8	6.92	2.99	16.83	11.95	1084.83	1069.29	1063.61	911.36	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (23)	706.90	+0.6	8.10	4.71	16.21	23.27	702.97	693.65	688.32	575.94	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1890.14	−0.2	8.13	4.75	15.86	51.02	1894.39	1887.18	1878.06	1299.34	1908.13	6/9	1445.15	3/1	1908.13	6/9/85	55.08	6/1/75
33	Packaging and Paper (13)	366.01	−0.4	9.80	4.20	12.17	8.10	367.38	364.65	362.38	250.07	377.13	9/9	286.36	3/1	377.13	9/9/85	43.46	6/1/75
34	Stores (42)	736.16	+0.3	6.98	2.93	19.38	10.24	733.69	731.56	726.72	472.90	736.16	18/10	529.47	19/2	736.16	18/10/85	52.63	6/1/75
35	Textiles (16)	340.96	+0.3	12.74	4.91	8.93	8.35	340.11	335.10	334.23	283.40	348.58	9/9	293.07	3/1	348.58	9/9/85	62.66	11/12/74
36	Tobaccos (3)	754.21	+0.3	17.87	5.96	6.37	38.77	752.05	756.13	745.26	726.67	1010.69	8/2	714.72	26/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (99)	689.63	+0.5	9.25	4.14	14.00	15.31	686.46	689.43	686.47	478.37	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	682.46	+0.4	14.43	5.58	9.16	26.19	679.99	675.84	668.04	651.20	832.26	22/2	645.96	26/9	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	213.68	+1.7	7.50	4.09	15.90	5.79	210.06	204.69	206.05	137.40	213.68	18/10	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (11)	1354.94	+0.8	6.99	3.97	17.64	36.20	1344.72	1318.89	1315.73	830.38	1354.94	18/10	958.08	3/1	1354.94	18/10/85	90.80	29/6/62
46	Miscellaneous (63)	861.47	+0.5	7.46	3.77	16.48	15.56	857.54	851.39	847.87	663.98	899.77	3/6	787.88	26/7	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	861.11	+0.4	8.63	3.77	15.45	14.38	857.90	877.86	875.93	0.00	935.70	30/8	701.92	3/1	935.70	30/8/85	517.92	30/11/84
49	INDUSTRIAL GROUP (482)	673.05	+0.5	9.42	3.95	13.41	14.60	669.79	666.59	663.19	526.15	673.05	18/10	599.75	3/1	673.05	18/10/85	59.01	13/12/74
51	Oils (18)	1153.82	−0.2	16.31	7.59	7.52	60.38	1156.59	1149.70	1145.93	1040.58	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	713.74	+0.4	10.29	4.41	12.20	18.26	710.94	707.44	703.99	569.16	713.74	18/10	636.98	3/1	713.74	18/10/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	507.56	+0.5	—	4.76	—	14.65	505.19	497.90	495.70	392.31	507.56	18/10	430.10	4/1	507.56	18/10/85	55.88	13/12/74
62	Banks (6)	507.39	+1.4	17.66	5.83	8.09	20.18	500.42	490.77	490.24	389.58	507.39	18/10	420.58	15/4	507.39	18/10/85	62.44	12/12/74
65	Insurance (Life) (9)	788.17	+1.2	—	4.32	—	21.80	778.81	770.39	766.14	510.56	788.17	18/10	580.95	4/1	788.17	18/10/85	44.88	2/1/75
66	Insurance (Composite) (7)	384.20	+0.3	—	5.13	—	9.88	383.13	371.85	366.64	289.65	384.33	15/8	303.16	25/2	384.33	15/8/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1129.89	−0.4	7.45	3.83	17.93	29.71	1134.21	1129.12	1126.54	845.86	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	261.82	+0.4	—	4.31	—	5.80	260.80	257.41	257.44	191.63	261.82	18/10	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (51)	696.73	−0.4	5.39	3.46	24.88	12.03	699.54	695.86	694.29	607.27	699.54	17/10	585.78	10/7	699.54	17/10/85	56.01	20/4/65
70	Other Financial (24)	291.20	−0.4	10.46	5.66	11.79	10.97	292.49	290.20	289.31	244.61	296.92	6/2	261.32	26/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (107)	602.58	+0.4	—	3.52	—	11.76	600.45	595.67	594.96	534.17	635.62	7/3	557.78	31/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	251.76	−0.7	13.29	6.17	8.76	8.37	253.45	250.71	253.48	279.41	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	571.48	+0.3	13.20	6.99	8.98	24.01	569.74	565.52	562.27	587.28	687.15	22/1	562.27	15/10	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	652.75	+0.4	—	4.46	—	16.99	650.21	645.86	643.00	524.83	652.75	18/10	581.88	3/1	652.75	18/10/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Oct 17	Oct 16	Oct 15	Oct 14	Oct 11	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1341.2	+5.5	1341.4	1328.6	1335.7	1326.2	1320.9	1321.1	1322.3	1111.3	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Oct 18	Day's change %	Thurs Oct 17	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.45	+0.02	119.43	—	9.61
2	5-15 years	133.90	+0.32	133.48	—	11.87
3	Over 15 years	140.15	+0.62	139.29	—	11.30
4	Irredeemables	155.97	+0.74	154.82	—	8.90
5	All stocks	131.59	+0.27	131.24	—	11.07
6	Debentures & Loans	114.80	+0.49	114.23	—	8.84
7	Preference	83.10	+0.15	82.98	—	5.54
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.03	−0.37	111.44	—	2.69

	AVERAGE GROSS REDEMPTION YIELDS		Fri Oct 18	Thurs Oct 17	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	9.75	9.75	11.27	11.56	28/1	9.75	18/10
2	Coupons	15 years	9.98	10.03	10.71	11.20	28/1	9.98	18/10
3		25 years	10.00	10.04	10.30	10.72	29/1	10.00	18/10
4	Medium	5 years	10.59	10.59	11.83	12.39	28/1	10.58	4/10
5	Coupons	15 years	10.30	10.36	11.13	11.63	28/1	10.30	18/10
6		25 years	9.96	10.04	10.45	10.97	29/1	9.96	18/10
7	High	5 years	10.71	10.68	11.84	12.53	28/1	10.65	4/10
8	Coupons	15 years	10.43	10.50	11.26	11.76	28/1	10.43	18/10
9		25 years	10.10	10.18	10.54	11.03	29/1	10.09	29/7
10	Irredeemables†		9.58	9.65	10.02	10.49	28/1	9.58	18/10
11	Debs &	5 years	11.10	11.21	12.28	12.63	29/1	11.06	10/10
12	Loans	15 years	11.05	11.13	12.14	12.37	29/1	11.05	18/10
13		25 years	11.00	11.06	11.99	12.37	29/1	11.00	18/10
14	Preference†		11.81	11.82	13.14	13.14	29/1	11.81	18/10
15	Inflation rate	5%	3.57	3.54	3.40	3.72	16/7	3.11	11/3
16		10%	3.37	3.34	3.20	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

INTERNATIONAL COMPANIES and FINANCE

Mostek closure pleases Wall St

BY TERRY DODSWORTH IN NEW YORK

MR HARRY GRAY, the publicity-shy 65-year-old chairman of United Technologies, has never shown much inclination to retire. But UT's bumpy ride over the last 12 months, culminating in this week's decision to close its Mostek semi-conductor subsidiary, would have been enough to persuade a less resilient man to call it a day.

Over this period controversy has continuously swirled around the group. Mr Gray himself was at the centre of one of these disputes when he had to be cleared by a team of lawyers from a bizarre charge of electronically bugging one of his fellow executives.

Only shortly after the wounds had begun to heal from that incident, another row broke out with the Pentagon over the Pratt & Whitney engine division's lucrative spare parts business on its military equipment. More recently, the engine company has again run into questions over the performance of its JT8D engine, the power unit in two airliners which crashed in Manchester, England, and Milwaukee.

After this history of mishaps, the Mostek decison, accompanied by a whopping $423.7m write-off on the semiconductor company and some telecommunications interests which are also being sold, might be interpreted as yet another sign of a company that had lost its way. But that is certainly not the way things are being seen on Wall Street.

Indeed, in its contrary way, Wall Street has chosen to see nothing but good in the Mostek closure. As far as investors are concerned, Mr Gray is sitting even more securely on the top of the cluster of top ranking companies he assembled in a series of daring takeovers in the 1970s. The shares rose by $1¾ to $40¼ in the wake of the news.

The reason for this reaction, say analysts, is that the decision has removed uncertainty about the future—and in an extremely decisive way that smacks of a determined management. "There was some doubt about whether they would turn out to be as resolute as they have been," said Mr Christopher Demisch, of First Boston, the Wall Street securities house, yesterday. "But this is a major housecleaning, and as such is welcomed by investors."

While bottom line profits will be hit this year, analysts are now looking ahead to the underlying growth of the group, which embraces Sikorsky helicopters, Otis Elevators, and Hamilton standard controls among a broad array of technology-based activities. In an entrepreneurial, acquisitive group like UT, they say, occasional duds are to be expected, and Mr Gray is given full marks for having covered his losses on Mostek with the sale of the Inmont ink business to BASF of West Germany earlier this year.

The point out that at the time he bought Inmont, which came into the group as part of Carrier, the air conditioning concern, he was roundly criticised for buying "junk." Yet the ink company brought in $1bn to set against the $345m spent on acquiring Mostek and the additional $500m poured into development at the semiconductor group.

Mr Demisch is expecting UT to earn more than $5 a share next year, against $4.90 in 1984, and says that with the group now elatively "problem free" the future is mainly a question of "good stewardship rather than grand design."

The Mostek incident does, however, raise two questions. The first is whether big conglomerates are equipped to run fast moving businesses like semiconductors.

In the semiconductor industry, there is widespread criticism that UT's top management seemed to be acting as a drag on new development at Mostek. As a consequence, it remained stuck in the commodity, memory-chip end of the business, where its assets now appear to be completely outdated. Integrated Circuit Engineering, the Arizona consultancy group which specialises in broking semiconductor manufacturing equipment, says that UT will be extremely lucky to get 10 cents in the dollar for the Mostek assets.

The other question concerns the problems of running a conglomerate as opposed to assembling it. Mr Gray has attempted to put his own personal twist on the conglomerate theme by talking of UT as a group in which "high technology is the common denominator of all we do" and he has sought to give UT additional strength by acquiring companies that are market leaders in their field.

Mr Harry Gray: no inclination to retire

But the group nevertheless remains an assembly of different activities which are held together more by the imagination of the entrepreneur who brought them together than by anything else. Indeed, it will apparently be possible to cut off Mostek without daming the semiconductor supply lines to any other part of the group. Wall Street is still left with the uncertainty of whether UT can be run by anyone else as Mr Gray hands over some of the reins of power at the end of this year to Mr Robert Daniell, the company's chief executive-designate.

Fluor to write off $410m for reshaping

By William Hall in New York

FLUOR, the big Californian-based engineering and construction group which embarked on an ill-fated expansion into the mining business four years ago, is taking a $410m write-off in its final quarter which will push its loss for the year to about $600m.

Mr David Tappan, Fluor's chairman, said yesterday that threequarters of the estimated losses in the year to end October represented non-recurring charges covering the major restructuring of the group's businesses. In the first nine months of 1985 Fluor lost $112.5m on its continuing operations.

Mr Tappan said the losses on continuing operations include a prolonged coal strike, reorganisations, severance and other one-time realignment charges. He expected the group to return to profit in early 1986.

Fluor has been particularly hard hit by the recession in mining and energy industries. It borrowed heavily to finance its $2.2bn acquisition of St Joe Minerals in 1981 and has been paying the price subsequently. Its profits collapsed from a peak of $158.9m in 1981 to $1m last year and its share price plunged from $71 to a low of $14¼ earlier this year. Following yesterday's announcement Fluor shares rose by $⅜ to $16½ in early trading.

Mr Tappan said Fluor had cut its long-term debt from a peak of $1.1bn in 1982 to under $300m and its debt to capitalisation ratio had been cut from 45 per cent to 20 per cent. Meanwhile, Fluor's workforce has been cut from 44,000 to 29,000.

The $410m write-off reflected management's assessment of the current value of Fluor, said Mr Tappan. He hopes there would be no need for additional write-offs in 1986. The charge covers the writedown on assets due to be sold, elimination of goodwill in the lead business and the early retirement of debt.

Mr Tappan outlined several moves already taken to restructure Fluor's business including the sale and leaseback of company property, the sale of businesses and a repositioning of the group's environment."

He stressed that the restructuring was not finished but from now on the company's primary strategic thrusts would be in Fluor's two core businesses—engineering and construction, and natural resources management. Fluor's new orders in the engineering and construction business had risen by between 5 per cent and 10 per cent in the current year and the order backlog, which at the end of July totalled $5bn, was up by around a fifth on the year.

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J. Henry Schroder Wagg	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
* Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

Arbed doubles net profits at six months

By Paul Cheeseright in Brussels

ARBED, the Luxembourg steel producer with interests throughout Europe, more than doubled net profits in the first half of this year, compared with the same period of last year, reflecting both a higher level of sales and the effect of substantial financial and industrial restructuring.

Net profits for the first six months were LuxFr 499m ($9.3m), against LuxFr 212m in the 1984, the company announced yesterday. Profits for the whole of 1984 were LuxFr 645m.

Finished product sales were more than 2m tonnes against 1.6m tonnes in the comparable period and this was accompanied by slightly higher prices, a general characteristic for the European Community industry which has enjoyed a modest recovery since 1984.

But Arbed has been slimming down and has managed to cut back its operating costs. At the same time there has been rationalisation of production following the output sharing agreement in early 1984 with Cockerill Sambre of Belgium.

Turnover reached LuxFr 3.8bn in the 1985 first half, or 21.7 per cent more than in the same period last year. The operating profit rose 11 per cent to LuxFr 4bn.

Last year the group's capital was restructured, leading to an injection of funds and a 30 per cent participation in the equity by the Luxembourg Government. This has meant that shareholders' funds have risen to LuxFr 25.1bn, an increase of LuxFr 7.5bn over last year.

Arbed has thus been able to reduce its level of indebtedness. Medium-and long-term debt has declined to LuxFr 24.4bn from LuxFr 34.9bn.

Founders replaced in shake-up at Mitel

BY BERNARD SIMON IN TORONTO

THE TWO founder of Mitel the Canadian telecommunications equipment maker, are to play a less active role in managing the loss-making company in which British Telecom has proposed to buy a controlling interest.

Senior management changes announced yesterday include the replacement of Mr Terry Matthews as president and chief executive by Mr Anthony Griffiths, a consultant at Connor, Clark and Co, the Toronto investment management firm. Mr Matthews, aged 42, becomes chairman.

Dr Michael Cowpland, who founded Mitel with Mr Matthews in the early 1970s, has relinquished the post of chairman, but will remain on the board of directors. Mr Matthews and Dr Cowpland between them own about 23 per cent of Mitel's shares.

The name Mitel is an acronym derived from Dr Cowpland's and Mr Matthew's first names. After rapid growth in the first decade of its existence, the company slipped into the red during 1983. Its troubles were ascribed partly to high research and development costs on a high-capacity office switching system, but also to lax management. Mitel suffered a net loss of C$31.7m (U.S.$23.2m) in the six months to August 23.

Mr Griffiths, aged 54, is the second outsider to be appointed to a key position at Mitel in the past 15 months in an effort to tighten operations. A former turnround specialist at McKinsey and Co, the U.S. management consulting firm, was brought in last year and is now the company's executive vice-president.

Mr Griffiths has considerable experience in manufacturing and high technology. He is currently chairman of Meridian Technologies, a Toronto-based manufacturer of micro-processor products.

Mitel said yesterday that British Telecom did not make the decision to replace Mr Matthews and Dr Cowpland, "but they do concur with it." BT's proposed acquisition of a 51 per cent interest in Mitel is still under scrutiny by the Mergers and Monopolies Commission in Britain and the Canadian Government.

Losses mount at Inland Steel

BY TERRY DODSWORTH IN NEW YORK

INLAND STEEL, the fourth largest U.S. steel company, slipped more deeply into deficit in the third quarter, when it lost $51.96m, or $2.14 a share, against a loss of $39.6m or $1.66 a share in the same period last year.

Sales fell by 3 per cent to $714.9m from $737.8m. For the first nine months of the year sales fell to $2.3bn from $2.4bn.

Losses over the nine-month period also rose, reaching $87.9m or $3.72 a share, compared with $13.1m or 74 cents a share in the 1984 period.

The company said the loss was mainly attributable to weaker markets for steel, along with higher operating costs in its integrated steel-making activities. Sales had continued to be hit by high import levels, plunging price realisations and lower shipment totals.

"Steel demand, traditionally lower during the third quarter was further depressed by the continued flood of imported steel," said Mr Frank Luerssen, chairman. Foreign producers had accounted for 25.6 per cent of the market up to the end of August, he added, virtually unchanged from the 25 per cent in the same period last year.

Mr Luerrsen said he expected improved steel demand in the fourth quarter because of seasonal factors and some reduction in steel import levels resulting from new voluntary restraint agreements. In the third quarter, however, shipments of 1.1m tons were down by 2 per cent from the year-earlier period.

Sumitomo Metal to cut steel jobs

TOKYO — Sumitomo Metal Industries, Japan's third largest steelmaker, announced yesterday that it plans to reduce the number of workers in its steel division by between 3,000 and 3,500 over a three-year period starting in fiscal 1986. The company has decided to scale down the division by transferring the workers to other divisions or to non-steel subsidiaries.

Sumitomo said it had decided to take this step out of a belief that Japan's steel production will not grow in the future, even though it may not significantly fall.

Sumitomo is not the only Japanese steelmaker that has been trimming the scope of its business. Other large producers including Nippon Steel and Nippon Kokan have also been shedding labour in recent years.

Sumitomo believes that Japanese steel production is likely to remain at around 100m tonnes a year, as it has been in recent years.
AP-DJ

RCA slips into operating deficit

BY OUR FINANCIAL STAFF

RCA, the U.S. electronics and communications business which earlier this month announced a major restructuring, has reported a third quarter operating net loss of $24m or 27 cents a share, compared with profits of $50m or 40 cents.

The latest results exclude a gain of $92.6m from the sale of the Hertz car rental operations, and income from discontinued operations of $25.3m, compared with $28m a year earlier. This produced final net earnings of $93.9m or $1.10 a share, against $78m or 74 cents a year earlier.

The operating and final net earnings include the effects of a $81m after-tax restructuring of the company's electronics and communications businesses.

Final net earnings in the first nine months were $274.7m or $3.03 per share, up 15 per cent from the $238.2m or $2.27 recorded a year earlier. Sales rose from $6.23bn to $6.4bn, and from $2.07bn to $2.18bn in the latest quarter.

Mr Robert Frederick, president and chief executive, said: "Thanks to the strong performance of NBC and aerospace and defence, RCA continues to do well. Several of our other businesses remain under pressure as the result of general economic conditions. Nonetheless, we expect a good year for 1985 as a whole."

Operating results at the NBC network and television stations were buoyed by a strong prime-time schedule and the absence of the heavy costs of political coverage occurred in last year's U.S. election campaign.

In electronics, aerospace and defence products again had record sales and earnings. However, results for the solid state division continue to be adversely affected by the weak demand for semiconductors.

In communications, revenues rose to new highs for the third quarter, mainly reflecting increased levels of domestic telex and private leased channels. But earnings declined because of increased competition.

Dresdner Bank sees record 1985 earnings

BERLIN — Dresdner Bank, West Germany's second largest commercial bank, expects record earnings for 1985, according to Herr Wolfgang Roeller, the chief executive. He said he expected Dresdner's earnings to exceed significantly its 1984 results.

Dresdner Bank reported record full operating earnings in the first half of 1985. Although the bank did not release a specific total for full operating earnings, partial operating earnings rose by 1.3 per cent to DM 402.8m ($000.0m) in the first half from a six-month 1984 average of DM 397.5m.
AP-DJ

ENI to shed further stake in Saipem

BY ALAN FRIEDMAN IN MILAN

ENI, Italy's state energy group, has given the green light to a second partial privatisation plan for its Saipem oil and gas pipelaying subsidiary, which will bring the state share in Saipem down from its present 80 per cent to 51 per cent.

Saipem last year was one of the first of Italy's current wave of partial privatisations when it offered 20 per cent on the Milan bourse and raised L120bn. In the next few days an additional 14 per cent of Saipem is to be privatised, raising L137bn ($76m) for ENI.

The final stage of the privatisation plan will come next January when Saipem launches A L100bn rights issue which will eventually bring ENI's stake down to 51 per cent.

Sig Gianni Dell'Orto, Saipem chairman, said the reduction of ENI's stake from 80.2 to 66.34 per cent would be accomplished "in the next few days." He explained that ENI will sell 20m Saipem shares to the stock market through an underwriting consortium led by Banca Commerciale Italiana (BCI).

At the current Saipem bourse share price of L6,871 that would raise L137bn for ENI.

Minebea fights Trafalgar bid

By Our Financial Staff

MINEBEA, THE Japanese bearings, precision engineering and electronics group, yesterday served notice that it will "take all necessary measures" to beat off the unwelcome takeover bid launched against the company by Trafalgar Holdings, an investment vehicle run by Mr Charles Knapp, the ousted chairman of the troubled Financial Corporation of America savings and loan group.

Mr Takami Takahashi, Minebea's president, threatened that his defensive tactics would include a heavy dilution of Trafalgar's 30 per cent holding in Minebea through an issue of new stock.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	10	11.50	—	—	—	—	$ 326.20
GOLD C	$340	9	1.50	8	10.50	—	—	"
GOLD C	$340	—	—	3	17	—	—	"
		Dec.		March		June		
£/$ C	$150	1	1	—	—	—	—	$ 143
$/FL C	Fl.300	73	5.40	—	—	—	—	Fl.297.70
$/FL C	Fl.305	178	4	3	7	—	—	"
$/FL C	Fl.310	212	0.80	20	6	1	7.70	"
$/FL C	Fl.315	5	2	—	—	—	—	"
$/FL C	Fl.320	—	—	2	3.80	—	—	"
$/FL C	Fl.330	—	—	24	2.20	10	3.70	"
$/FL C	Fl.335	—	—	25	1.30	—	—	"
$/FL P	Fl.290	18	4.60	—	—	—	—	"
$/FL P	Fl.295	7	7 A	—	—	—	—	"
$/FL P	Fl.300	65	9.60	—	—	—	—	"
$/FL P	Fl.305	40	13.50	—	—	—	—	"
$/FL P	Fl.310	200	16.50	—	—	—	—	"
$/FL P	Fl.320	1	23.50	—	—	—	—	"
£/$ C	$140	1	4.20	—	—	—	—	$143
£/$ C	$145	8	2	—	—	—	—	"
		Oct.		Jan.		Apr.		
ABN C	Fl.500	805	1.50	87	18.50	—	—	Fl.500
ABN P	Fl.500	181	1.50 A	18	11.50	—	—	"
AEGN C	Fl.95	1647	0.20	95	5	—	—	Fl. 95
AEGN P	Fl.95	1118	0.70	845	3.10	—	—	"
AH C	Fl.260	145	1.00	245	12.50	3	19.50	Fl.258.50
AH P	Fl.260	—	—	40	5.60	3	6.10	"
AKZO C	Fl.110	1444	10.50	548	14.00	74	16.50	Fl.121
AKZO C	Fl.120	4542	0.50	810	6.40	85	9.70	"
AKZO C	Fl.130	—	—	526	2.60	84	5.00	"
AKZO P	Fl.120	63 2	0.10	627	4.20	90	5.40	"
AMRO C	Fl.85	428	1.20	6	5.00	9	6.70	Fl. 86.20
AMRO P	Fl.85	—	—	42	2.20	5	3	"
GIST C	Fl.220	293	0.10	89	9.60	1	14	Fl.219
GIST P	Fl.220	53	2.20 B	25	7.20	—	—	"
HEIN C	Fl.170	736	0.40	229	7.70 B	38	10	Fl.171.10
HEIN P	Fl.170	181	1.50	110	4.50	11	6.20	"
HOOG C	Fl.60	1184	2.60	600	5.40	19	6.50	Fl. 62.40
HOOG P	Fl.65	—	—	540	2.50	100	3.80	"
HOOG P	Fl.65	227	0.20	51	3.50	—	—	"
KLM C	Fl.55	2562	0.10	191	3.80	11	5	Fl. 55
KLM P	Fl.55	822	0.60	313	2.80	2	3.50	"
NEDL C	Fl.180	521	2.80	18	10.50	—	—	Fl.181.50
NEDL P	Fl.180	64	0.20	26	4.50	4	6.50	"
NATN C	Fl.70	324	0.40	81	4.20	—	—	Fl. 70.80
NATN P	Fl.70	116	0.10	12	1.70	9	2.50	"
PEO C	Fr.6364	10	170	—	—	—	—	Fr. 6580
PETR C	Fr.6500	58	30	5	280 A	3	450	"
PETR P	Fr.6000	—	—	—	—	4	100	"
PHIL C	Fl.45	319	3.90	301	5	615	6.30 A	Fl. 49
PHIL C	Fl.50	1672	0.10	1065	2	1085	3	"
PHIL C	Fl.55	—		1114	0.70	139	1.40	"
PHIL P	Fl.45	20	0.10	2382	1.20	402	1.50	"
PHIL P	Fl.50	1240	1	1708	2.90	358	3.20	"
RD C	Fl.190	2791	0.50	174	7.50	94	12.50	Fl.330.70
RD P	Fl.190	1119	0.20	781	4.50	157	6	"
ROBE C	Fl.77.50	260	0.10	22	2	—	—	Fl. 77.30
ROBE P	Fl.77.50	281	0.20	—	—	—	—	"
UNIL C	Fl.340	—	—	110	7.70	—	—	Fl.330.50
UNIL P	Fl.340	5	11 B	132	15.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 52,198
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*548)	500	48	63	72	1	5	10
	550	5	30	42	7	18	28
	600	0½	13	21	55	55	62
Cons. Gold (*447)	390	62	77	90	1½	3½	8
	420	32	57	63	2	15	22
	460	4	36	42	18	30	42
	500	1	13	21	55	62	67
	550	1	5	—	105	107	—
Courtaulds (*149)	120	30	33	36	0½	1	1½
	130	20	24	27	0½	2	4
	140	10	16	19	0¾	4	6
	160	0½	6	10	12	14	16
Com. Union (*254)	200	54	59	65	0¼	1½	3
	220	34	42	48	0¼	2	6
	240	14	25	30	2	7	12
	260	—	12	19	—	17	21
G.E.C. (*166)	140	27	35	42	1	3	4
	160	7	22	28	3	7	11
	180	1	9	14	16	18	20
	200	0½	3	7	36	36	36
Grand Met. (*365)	280	87	98	103	1	2	3
	300	67	78	85	1	3	5
	330	37	50	58	1	6	7
	360	8	27	35	4	14	20
I.C.I. (*649)	600	52	70	82	1	5	12
	650	10	42	62	10	22	30
	700	1	20	28	55	55	60
	750	1	8	—	105	105	—
Land Sec. (*318)	260	59	62	—	0¼	1½	—
	280	39	42	49	0½	1½	4
	300	19	26	35	1	7	9
	330	1½	10	16	14	18	21
Marks & Sp. (*171)	120	51	—	—	0½	—	—
	130	41	44	47	0½	2	3
	140	31	35	37	0½	3½	5
	160	11	17	21	1	6	9
	180	1½	5	10	12	15	18
Shell Trans (*698)	650	50	65	75	1½	6	12
	700	5	37	45	9	20	28
	750	1½	12	24	55	55	63
Traf'gar Hse (*362)	323	40	—	—	2	—	—
	330	—	39	45	—	4	7
	353	11	—	—	2	—	—
	360	—	23	31	—	17	18
	383	2	—	—	22	—	—

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds (*263)	260	17	25	36	6	12	16
	280	5	18	24	18	25	30
	300	1	8	17	37	40	43
	330	1	3	9	67	67	67
Barclays (*417)	360	—	75	85	—	8	10
	385	35	—	—	8	—	—
	390	—	47	57	—	15	18
	420	—	25	35	—	27	35
	435	5	—	—	27	—	—
Brit. Aero (*456)	330	130	140	148	1	1	1
	360	100	110	118	1	2	2
	390	70	80	90	2	5	10
	420	53	60	70	5	13	18
	460	25	38	48	25	30	37
BritTelecom (*182)	160	25	29	—	1	2½	—
	170	16	—	—	1½	—	—
	180	8	13	19	4	6	9
	200	2	6	10	20	21	22
	220	0½	2	4	40	40	40
Imperial Gr. (210*)	160	51	58	62	1	2½	3
	180	31	40	44	1½	5	7
	200	15	27	31	5	11	13
	220	5½	14	19	16	21	24
LASMO (261*)	240	30	43	—	3	7	—
	260	15	30	40	9	20	20
	280	6	18	28	22	30	30
	293	2	—	—	35	—	—
	300	—	8	18	—	45	46
LONRO (151*)	140	13	20	22	1½	4	6½
	160	5	8	11	11	12	15

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*440)	360	85	105	—	1½	2	—
	390	55	65	70	2	6	10
	420	30	43	50	4	15	22
	460	6	18	27	25	30	38
Racal (*142)	130	16	24	32	3	6	8
	140	10	18	24	7	11	16
	160	4	10	16	20	22	24
	180	1	5	10	40	40	40
R.T.Z. (*544)	500	47	60	—	3	14	—
	550	12	33	42	20	35	43
	600	2	13	22	67	72	75
	650	1½	—	—	117	—	—
Vaal Reefs (*$64)	60	7½	10½	12½	1½	3¼	5½
	70	2	7½	8½	7½	8½	11½
	80	0⅝	3½	4⅝	16½	18	19
	90	0⅝	2¼	—	26½	27½	—
	100	0¾	0¾	—	—	37½	—
Ex10% 1989 (*£98)	92	6½	—	—	[illegible]	—	—
	94	4½	[illegible]	—	[illegible]	[illegible]	—
	96	2½	2⅞	—	[illegible]	[illegible]	—
	98	0⅝	[illegible]	—	[illegible]	[illegible]	—
	100	[illegible]	[illegible]	—	1¼	1¾	—
Tr 11¾% 1991 (*£105)	102	—	—	3⅛	—	—	0⅛
	104	—	—	1⅛	—	—	1
	106	—	—	[illegible]	—	—	[illegible]
Tr. 11¾% 03/07 (*£112)	106	6⅝	[illegible]	—	[illegible]	[illegible]	—
	108	4⅝	[illegible]	5[illegible]	[illegible]	[illegible]	[illegible]
	110	[illegible]	5½	3¾	[illegible]	[illegible]	[illegible]
	112	[illegible]	[illegible]	2½	[illegible]	1⅛	1⅝

Option		Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
BTR (*380)	330	—	70	78	—	9	13
	350	43	—	—	10	—	—
	360	—	43	53	—	18	25
	375	25	—	—	15	—	—
	390	13	27	37	28	30	35
Beecham (*313)	300	20	35	40	8	15	20
	330	8	15	22	22	28	33
	360	3	5	—	48	50	—
Bass (*617)	500	127	140	—	1	5	—
	550	77	90	102	6	12	15
	600	42	52	62	14	25	30
De Beers (*$4.50)	430	50	65	75	8	18	27
	460	20	40	47	25	35	45
	500	9	20	—	60	70	—
	550	2	9	—	110	115	—
GKN (*260)	220	45	52	58	2	3	5
	240	30	37	44	3	7	9
	260	18	24	31	11	15	18
Glaxo (*1360)	1200	170	200	—	4	12	—
	1250	120	155	175	10	25	35
	1300	85	125	135	25	40	55
	1350	45	90	110	40	60	75
Hanson (*209)	180	33	36	42	3	6	9
	195	21	—	—	6	—	—
	200	—	26	32	—	10	15
	215	7	—	—	15	—	—
	220	—	15	19	—	22	25
Jaguar (*294)	240	62	67	—	2	3	—
	260	42	49	54	5	8	10
	280	30	36	43	11	16	19
	300	14	22	27	19	24	28
Tesco (*280)	218	68	—	—	1½	—	—
	236	48	—	—	2	—	—
	240	—	53	58	—	5	7
	256	30	—	—	4	—	—
	260	—	38	43	—	10	12
	280	15	23	27	15	18	22

Option		Calls Oct	Calls Nov	Calls Dec.	Calls Jan.	Puts Oct.	Puts Nov	Puts Dec.	Puts Jan.
FT-SE Index (*1340)	1200	—	—	155	—	—	—	1½	—
	1250	93	98	110	—	1	2	6	—
	1275	68	73	—	85	1½	4	—	15
	1300	45	53	67	74	2	9	17	22
	1325	25	35	—	57	6	15	—	35
	1350	8	20	32	44	17	23	33	47

October 18 Total Contracts [illegible]

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	131	—	6.6	5.0	7.3	8.7
151	135	Ass. Brit. Ind. CULS	137	—	10.0	7.3	—	—
77	43	Airsprung Group	56	—	6.4	11.4	9.3	12.2
48	28	Armitage and Rhodes	45	—	4.3	9.6	5.6	8.7
160	108	Bardon Hill	160	+2	4.0	2.5	20.3	21.0
64	42	Bray Technologies	57xd	−2	3.9	6.8	7.0	8.0
201	155	CCL Ordinary	155	—	12.0	7.7	3.8	3.6
152	104	CCL 11pc Conv. Pf.	104	—	15.7	15.1	—	—
130	10	Carborundum Ord.	126xd	—	4.9	3.9	8.2	9.8
92	83	Carborundum 7.5pc Pf.	92	—	10.7	11.8	—	—
73	48	Deborah Services	52xd	+1	7.0	13.5	5.4	7.1
650	182	Frank Horsell	650	—	1.4	0.2	15.3	20.6
529	170	Frank Horsell Pr.Ord.87	529	—	11.9	2.2	12.5	16.8
32	21	Frederick Parker	21	—	—	—	3.2	6.5
83	33	George Blair	79	—	3.0	6.8	11.6	8.7
50	30	Ind. Precision Castings	44	+1	15.0	7.9	14.6	21.8
218	177	Isis Group	190	—	5.5	5.2	7.1	7.1
124	101	Jackson Group	106	—	15.0	6.0	7.9	7.9
285	213	James Burrough	252	+2	12.9	13.7	—	—
94	83	James Burrough 9pcPf.	94	—	8.0	5.7	6.9	10.9
95	71	John Howard and Co.	87	—	—	—	6.6	6.8
225	190	Linguaphone Ord.	180	—	15.0	16.7	—	—
100	90	Linguaphone 10.5pc Pf.	90	—	6.9	1.2	24.9	23.7
650	300	Minihouse Holding NV	570	—	—	—	10.3	22.6
120	31	Robert Jenkins	79	—	—	—	—	7.9
60	28	Scruttons "A"	31	—	5.0	7.4	3.4	6.2
92	61	Torday and Carlisle	69	—	4.3	1.3	18.2	17.9
444	320	Travian Holdings	320	—	2.1	6.0	8.5	9.3
35	17	Unilock Holdings	35	—	8.6	7.7	6.2	7.6
113	81	Walter Alexander	110	—	17.4	8.6	5.7	9.9

U.S. QUARTERLIES

COLECO INDUSTRIES
Toys, games

Third quarter	1985 $	1984 $
Revenue	242m	181.3m
Net profits	23.2m	3.8m
Net per share	1.40	0.23
Nine months		
Revenue	624m	534m
Net profits	60.1m	13.4m
Net per share	3.64	0.82

FIRST INTERSTATE CANCORP
Multibank holding company

Third quarter	1985 $	1984 $
Net profits	80m	70.3m
Net per share	1.76	1.58
Nine months		
Assets	48.5bn	44.6bn
Net profits	228.2m	201.6m
Net per share	4.99	4.50

BANK OF BOSTON
Banking

Third quarter	1985 $	1984 $
Net profits	46.5m	33.7m
Net per share	2.24	1.69
Nine months		
Assets	24.93bn	21.34bn
Net profits	130m	89.5m
Net per share	6.40	4.54

LADBROKE INDEX
1,047-1,051 (+14)
Based on FT Index

GILLETTE

Third quarter	1985 $	1984 $
Revenue	578.9m	596.8m
Net profits	38.8m	43.7m
Net per share	1.25	1.42
Nine months		
Revenue	1.73bn	1.69bn
Net profits	120.7m	122m
Net per share	3.91	3.97

MACK TRUCKS

Third quarter	1985 $	1984 $
Revenue	428m	500.6m
Net profits	†64.2m	23.4m
Net per share	†2.18	0.73
Nine months		
Net profits	56.5m	47.4m
Net per share	1.65	1.43

† Loss.

MARSH & McLENNAN
Insurance broker

Third quarter	1985 $	1984 $
Revenue	350.9m	274.7m
Net profits	42.3m	31.4m
Net per share	1.15	0.87
Nine months		
Revenue	1bn	829.5m
Net profits	126.2m	32.1m
Net per share	3.46	0.89

MONSANTO
Chemicals, drugs

Third quarter	1985 $	1984 $
Revenue	1.74bn	1.6bn
Net profit	31m	78m
Net per share	0.42	0.97
Nine months		
Revenue	4.99bn	5.13bn

NYNEX
Telecommunications

Third quarter	1985 $	1984 $
Revenue	2.6bn	2.4bn
Net profits	295.8m	262.8m
Net per share	2.92	2.66
Nine months		
Revenue	7.7bn	7.1bn
Net profits	815.5m	724.1m
Net per share	8.08	7.44

SOUTHWESTERN BELL

Third quarter	1985 $	1984 $
Revenue	1.98bn	1.83bn
Net profits	244.3m	242.4m
Net per share	2.45	2.47
Nine months		
Revenue	5.89bn	5.3bn
Net profits	765.8m	659.5m
Net per share	7.69	6.78

STERLING DRUG

Third quarter	1985 $	1984 $
Revenue	486m	478.7m
Net profits	45.4m	45.2m
Net per share	0.76	0.75
Nine months		
Revenue	1.35bn	1.37bn
Net profits	110.4m	105.1m
Net per share	1.84	1.75

TRANSAMERICA
Financial services

Third quarter	1985 $	1984 $
Revenue	1.71bn	1.39bn
Net profits	15.4m	5.5m
Net per share	0.21	0.09
Nine months		
Revenue	5.01bn	3.99bn

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Profit-taking checks early rise

A FIRM START attracted profit-taking on Wall Street yesterday, with a few takeover issues in the spotlight.

After rising 7.61 to 1,376.90, the Dow Jones Industrial Average *partially reacted to* 1,370.86, up a net 1.57 on the day and 30.92 on the week, while the NYSE All Common index, at $108.30, shed 1 cents on the day, but held a $1.74 rise on the week. Declines led advances by a seven-to-six margin in a volume of 85.31m

Peter Furniss, of Drexel Burnham Lambert, said the takeover stocks were dominating the *action with Union Carbide and* Litton rising on rumours and GAF and Teledyne *riding* their coat tails. Teledyne, which owns a large position in Litton, moved up $10½ to $251.

He said the tempo of takeover activity reflected a belief that it was cheaper to buy businesses by acquiring their stock rather than developing assets from scratch.

GAF Corporation advanced $2¾ to $40¾—GAF has a large position in Union Carbide and traders said the company would benefit from any Carbide buyout. A GAF spokesman declined comment.

Litton Industries strengthened *$7¾ to $85¾—General Electric,* off $½ at $59¾, denied it had any discussions with Litton *about* an acquisition.

Union Carbide led the actives, up $3¾ to $61⅛—the stock is one of the 30 in the *Dow Industrials* and its rise helped the index. *Carbide* was getting a lift from rumours that a leveraged buyout plan for $70 a share was being prepared. A spokesman said the company had a policy of not commenting on market rumours.

THE AMERICAN SE Market Value index rose 0.23 to 226.12, making a gain of 3.88 on the week. Volume 9.45m shares.

BAT Industries led the actives, up $¼ to $3⅛.

CANADA

The Toronto Composite index lost 1.3 to *2,647.3*. Oil and Gas 4.0 to 3,220.8 and Golds 27.4 to 4,163.0.

Dome Petroleum lost 3 cents to $2.57—it said a well in the Beaufort Sea flowed oil from four intervals.

Kelsey-Hayes Canada held unchanged at $38, despite higher *nine months' earnings.*

GERMANY

Solid gains by Steels and Machine *Makers led share prices* broadly higher in active trading.

The Commerzbank index strengthened 18.4 to a record 1,672.4.

Brokers said massive purchases of Steels and Machine Makers, primarily by British Investment Funds triggered the upswing.

Siemens, West Germany's largest Electronics group, were *lifted DM 17.50 to 649 on* expectations that it will soon announce record earnings for the fiscal year ended September 30.

Thyssen topped the Steel sector, rising DM 10.70 to 167.9. Mannesmann rose DM 7.70 to 249.5 and Kruppstahl DM 6.00.

Machine Maker issues were led by M.A.N., which picked up DM 10 to 200. Deutsche Babcock improved DM 7.50 to 183.5, while GHH were up DM 6.70 to 215.

Motors closed mixed, the victims of profit-taking on strong gains this week, but finished well off the day's lows.

TOKYO

Share prices slipped lower in moderate trading as investors continued uncertain over the market's future trend.

The Nikkei Dow market average dipped 47.92 to 12,973.22. Turnover 360m (400m) shares.

Brokers said many biotechnology-related Chemicals and Pharmaceuticals firmed but most International populars eased in reaction to their rises earlier this week.

The broader-based SE Index shed 4.12 to 1,030.77. Volume 20m (15m) shares.

Construction and Housing issues sagged, unable to snap out of the pressure generated by the investor belief that the latest *Government package* won't go far enough to spur demand. The package included stepped-up Construction, Housing and Urban renewal projects.

AUSTRALIA

Renewed support for selected Industrials *pushed* Australian share markets higher after a day of thin trading.

Brokers said prices eased for most of the day but turned around later on the strength of sharp gains in a few stocks, plus an improved Gold sector.

The All Ordinaries index added 1.2 at 1,035.2, half a point below Monday's all-time high. The All Industrials firmed 5.2 to 1,506.7 and the Gold index 2.2 to 949.9, while the All Resources shed *one* point at 670.0.

National turnover 36.6m shares worth A$40m, with rises outpacing falls 194-to-140.

Among Industrials, *further* trading—1.3m shares—in bakery group Fielder Gillespie Davis, up 15 cents to A$2.68, prompted speculation that Allied Mills was aiming for a 20 per cent stake, brokers said.

Australian Merchant Holdings rose 3 cents to 30 cents on turnover of 6.3m *shares, of which* 5.7m went to overseas interests.

Elders IXL gained 5 cents to A$4.0—it plans to announce details of its bid for diversified British brewer Allied-Lyons PLC on Monday.

HONG KONG

Sharply higher, buoyed by a late round of institutional buying.

The *Hang Seng index* rose 15.10 to 1,639.89. Turnover *$HK372.55m ($HK304m).*

Brokers said Properties were the *focus of attention ahead of* next week's Government land auction. The *Properties'* sub-index moved up 29.51 to 2,203.48.

Cheung Kong rose 40 cents to $HK19.60, while Sun Hung Kai Properties added 30 cents at $HK13.40 and HK Wharf 10 cents at $HK7.35.

Swire Pacific "A" climbed $HK1 to 26.80 on a rumour, recurrent in recent sessions, that it might publicly float its Cathay Pacific Airways subsidiary. Brokers said the flotation could bring the company nearly HK$5bn. One company official, who asked not to be identified, said Swire Pacific isn't currently considering floating Cathay.

The interest in Swire pushed the Commerce and Industry sub-*index up* 23.01 to 1,476.24.

PARIS

French stocks closed mixed to *narrowly lower in featureless* trading.

The session began on a firm note as investors reacted to Thursday's news of a ¼-point reduction of the Bank of France's Money-Market intervention rate. But brokers said that renewed concern about the erratic dollar and technical selling caused the market to ebb as the day progressed.

Declining issues led advances 82 to 78.

Food shares were among the market's weakest performers. Worries about the dollar's impact on French export sales sent Saupiquet down to FFr 400.

Mines, Oils and Chemicals finished fractionally lower.

Resource issues led the International sector lower, with Golds posting especially broad declines. U.S. and Japanese issues fell. But West German and Dutch issues were firm.

SINGAPORE

Share prices rose moderately across the board on persistent buying and short covering in active trading.

The Straits Times Industrial index gained 14.26 to 768.14. Turnover 21.7m (12.9m) shares.

Market sentiment is turning bullish in view of the fact that the Malaysian Government seems keen to prop up the market as general elections may be held next year, one dealer said.

But another dealer said the market is also painfully aware that the current sluggishness of the Singapore and Malaysian economies may take some time to recover.

Selected speculative issues dominated trading with K.L. Industries, up 12 cents at $S1.98, in the lead transacting 904,000 units. Everpeace put on 8 cents to $S1.48 with 809,000 units traded, while Chuan Hup firmed 27 cents to $S2.32 on 596,000 shares.

Closing prices for North America were not available for this edition

CANADA

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

SWEDEN

HONG KONG

ITALY

FRANCE

SWITZERLAND

NETHERLANDS

JAPAN

SINGAPORE

AUSTRALIA

SOUTH AFRICA

Indices

NEW YORK

DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL Portfolio

NEW YORK ACTIVE STOCKS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES and MONEY

FOREIGN EXCHANGES

Central banks and data depress dollar

The dollar was weaker against most currencies yesterday. Fears of further central bank intervention combined with disappointing US economic data to make the dollar a relatively unattractive proposition. Early activity pushed the dollar down to the day's lows but sporadic commercial demand ensured that it finished above its worst level.

U.S. personal income and consumption figures were roughly in line with market expectations and did little to alter the gloomy picture painted by Thursday's housing starts and to a lesser extent GNP figures. With longer term Euro-dollar rates easing, the dollar seemed set for a further decline. The threat of more central bank intervention effectively endorsed this as being more than a possibility.

The dollar touched a low of DM 2.6240 against the D-mark but finished at DM 2.6365 still down from Thursday's close of DM 2.6470. Elsewhere it slipped to Y215.10 from Y215.20 and SwFr 2.1685 compared with SwFr 2.1730. Against the French franc it fell to FFr 8.0450 from FFr 8.0800. On Bank of England figures, the dollar's exchange rate index fell to 130.7 from 130.9.

Sterling finished at its best level this month, receiving a double boost from a weaker dollar and Thursday's speech by Mr Nigel Lawson, Chancellor of the Exchequer, part of which stressed the Government's continued cautious approach towards lowering interest rates.

The pound's index rose to 80.6 from 80.1, having opened at 80.3 and touching a high in the afternoon of 80.7. Against the dollar it rose to $1.4270-1.4280, up 1.3c from Thursday and DM 3.7650 compared with DM 3.7450. It was also firmer against the yen at Y307.00 from Y304.50 and SwFr 3.0950 compared with SwFr 3.0725. Against the French franc it improved to FFr 11.4850 from FFr 11.4300.

£ IN NEW YORK

	Oct. 18	Prev. close
£ Spot	$1.4280-4290	$1.4155-4165
1 month	0.45-0.42 pm	0.43-0.42 pm
3 months	1.17-1.13 pm	1.13-1.10 pm
12 months	3.00-2.86 pm	2.90-2.80 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	Oct 18	Previous
8.30 am	80.3	80.6
9.00 am	80.5	80.6
10.00 am	80.5	80.5
11.00 am	80.5	80.5
Noon	80.5	80.5
1.00 pm	80.5	80.3
2.00 pm	80.6	80.2
3.00 pm	80.7	80.2
4.00 pm	80.6	80.1

DOLLAR SPOT—FORWARD AGAINST DOLLAR

October 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4180-1.4300	1.4270-1.4280	0.45-0.42c pm	3.66	1.20-1.15pm	3.29
Ireland†	1.1717-1.1780	1.1735-1.1745	0.17-0.13c pm	1.53	0.47-0.37pm	1.43
Canada	1.3644-1.3660	1.3650-1.3660	0.03-0.05c dis	−0.35	0.11-0.15dis	−0.38
Nethlnd.	2.9630-2.9795	2.9745-2.9765	0.54-0.51c pm	2.12	1.64-1.60pm	2.18
Belgium	53.16-53.49	53.30-53.40	2-3c dis	−0.56	6-8dis	−0.52
Denmark	9.52½-9.58¼	9.55½-9.56	¼-1¼ore dis	−1.26	1¼-1¾dis	−0.63
W. Ger.	2.6240-2.6425	2.6360-2.6370	0.80-0.75pf pm	3.53	2.24-2.19pm	3.36
Portugal	162¼-163¾	162¼-163½	100-300c dis	−14.72	400-1100dis	−18.40
Spain	160.85-161.38	161.25-161.35	50-70c dis	−4.47	200-275dis	−5.90
Italy	1.774-1,786	1,778-1,779	9-9¾lire dis	−6.32	26-27dis	−5.95
Norway	7.88¼-7.93½	7.92¼-7.92¾	3-3¼ore dis	−4.74	8¼-8½dis	−4.23
France	8.00½-8.05¼	8.04¼-8.04¾	0.82-0.97c dis	−1.34	3.60-3.90dis	−1.87
Sweden	7.91¾-7.99¼	7.94-7.94½	4½-5ore dis	−7.37	12¼-12½dis	−6.23
Japan	214.80-215.55	215.05-215.15	0.33-0.29y pm	1.73	0.91-0.86pm	1.64
Austria	18.44½-18.54½	18.51½-18.52½	4-3¼gro pm	2.35	11½-9pm	2.22
Switz.	2.1560-1.1700	2.1680-2.1690	0.75-0.70c pm	4.02	1.96-1.91pm	3.58

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.70-53.80.

CURRENCY RATES

Oct. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.74732	0.586030
U.S.$	7½	1.06566	0.838531
Canadian $	8.53	*	1.14459
Austria Sch.	4	19.7286	15.5128
Belgian Fr	9	56.8876	44.7524
Danish Kr	7	10.1771	8.00829
D mark	4	2.80791	2.20911
Guilder	5	3.17087	2.49421
French Fr	9½	8.56791	6.74505
Lira	15½	1896.29	1491.54
Yen	5	229.490	180.494
Norway Kr	8	8.43470	6.64326
Spanish Pta	—	171.678	135.215
Swedish Kr	10½	8.46187	6.66003
Swiss Fr	4	2.30715	1.81542
Greek Dr'ch	20½	165.056	129.788
Irish Punt	—	0.907331	0.713947

*C$/SDR rate for Oct 17: 1.44852.

POUND SPOT—FORWARD AGAINST POUND

October 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4180-1.4300	1.4270-1.4280	0.45-0.42c pm	3.66	1.20-1.15pm	3.29
Canada	1.9488-1.9513	1.9490-1.9500	0.58-0.48c pm	3.26	1.47-1.33pm	2.87
Nethlnd.	4.22¼-4.25¼	4.24¼-4.25¼	2¼-2c pm	5.83	6-5¾pm	5.47
Belgium	75.70-76.39	76.10-76.20	20-17c pm	2.92	54-48pm	2.68
Denmark	13.60-13.68	13.63¾-13.64¾	3-2¼ore pm	2.31	7¾-6¾pm	2.13
Ireland	1.2077-1.2165	1.2155-1.2165	0.28-0.15p pm	2.12	0.67-0.46pm	1.86
W. Ger.	3.73¼-3.77	3.76-3.77	2¼-2¼pf pm	7.17	6¼-6pm	6.51
Portugal	230-234½	231-234	70-340c dis	−10.68	375-1375dis	−15.05
Spain	229-231	230½-231	10c pm-25dis	−0.39	300-455dis	−6.54
Italy	2,527½-2,548	2,538½-2,539½	2-3lire dis	−1.18	11-15dis	−2.05
Norway	11.27-11.33½	11.30½-11.31½	¼-1¼ore dis	−0.93	2¾-3¼dis	−1.13
France	11.40¾-11.50¾	11.48-11.49	2½-2c pm	2.35	4¼-3½pm	1.35
Sweden	11.29¾-11.37¼	11.33¾-11.34¾	2¾-3¼ore dis	−3.31	8-8¾dis	−2.93
Japan	305-307½	306½-307½	1.37-1.30y pm	5.22	3.82-3.70pm	4.90
Austria	26.36-26.50	26.44-26.50	13⅞-12¾gro pm	5.98	38-33¼pm	5.42
Switz.	3.07-3.10	3.09-3.10	2-1⅞c pm	7.61	5¾-5pm	6.70

Belgian rate is for convertible francs. Financial franc 76.70-76.80. Six-month forward dollar 2.12-2.07c pm. 12-month 3.35-3.20c pm.

CURRENCY MOVEMENTS

Oct. 18	Bank of England Index	Morgan Guaranty Change %
Sterling	80.5	−9.8
U.S. dollar	130.7	+16.7
Canadian dollar	84.1	−8.6
Austrian schilling	118.8	+5.2
Belgian franc	91.9	−10.0
Danish Kroner	81.6	−5.8
Deutsche mark	128.1	+9.9
Swiss franc	151.1	+13.1
Guilder	117.0	+5.9
French franc	68.6	−12.5
Lira	44.6	−19.9
Yen	169.8	+33.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Oct. 18	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.428	3.765	307.0	11.49	3.095	4.248	2539.	1.949	76.15
$	0.701	1.	2.637	215.1	8.045	2.169	2.975	1779.	1.365	53.35
DM	0.266	0.379	1.	81.54	3.050	0.822	1.128	674.4	0.518	20.23
YEN	3.257	4.650	12.26	1000.	37.41	10.08	13.84	8270.	6.349	248.0
F Fr.	0.871	1.243	3.278	267.3	10.	2.695	3.698	2211.	1.697	66.30
S Fr.	0.323	0.461	1.216	99.19	3.711	1.	1.372	820.4	0.630	24.60
H Fl.	0.235	0.336	0.886	72.29	2.704	0.729	1.	597.8	0.459	17.93
Lira	0.394	0.562	1.483	120.9	4.525	1.219	1.673	1000.	0.768	29.99
C $	0.513	0.733	1.932	157.5	5.895	1.588	2.179	1303.	1.	39.07
B Fr.	1.313	1.876	4.944	403.2	15.09	4.064	5.578	3334.	2.559	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

OTHER CURRENCIES

Oct. 18	£	$
Arg'tina	1.1434-1.1447	0.8000-0.8010
Aus'tralia	2.0205-2.0245	1.4170-1.4180
Brazil	11,709-11,774	8,200-8,240
Finland	8.0956-8.1086	5.6735-5.6765
Greece	218.54-222.94	152.50-156.15
H'kong	11.1326-11.1400	7.7930-7.7960
Iran	123.0.5*	87.25*
Kuwait	0.4205-0.4216	0.29575-0.29590
Lux'burg	76.10-76.20	53.30-53.40
Malay'sa	3.4970-3.5070	2.4540-2.4570
N'Z'land	2.4445-2.4545	1.7125-1.7185
Saudi Ar.	5.2080-5.2160	3.6500-3.6510
Sin'pore	3.0485-3.0550	2.1360-2.1390
S.Af.(Cm)	3.7385-3.7580	2.6180-2.6315
S.Af.(Fn)	4.2005-4.3275	2.9415-3.0305
U.A.E.	5.2385-5.2465	3.5720-3.6750

* Selling rate.

EURO-CURRENCY INTEREST RATES

Oct. 18	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	11⅛-11¼	11⅛-11¼	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	12-14	12½-14	13-14	13¼-13¾	13¼-13¾	13½-14
B.Fr.(Fin)	9¼-9½	8¾-9	8⅝-8⅞	8¾-9	8⅞-9⅛	9-9¼
B.Fr.(Con)	9¼-9½	8¾-9	8⅝-8⅞	8¾-9	8⅞-9⅛	9-9¼
Yen	6¼-6⅜	6⅜-6½	6 7/16-6 9/16	6½-6⅝	6 7/16-6 9/16	6 7/16-6 9/16
D. Krone	9½-10	9½-10	9¼-9¾	9⅜-9⅝	9¼-9¾	9⅝-9⅞
Asian $ (Sng)	8-8⅛	8-8⅛	8-8⅛	8 1/16-8 3/16	8 3/16-8 5/16	8½-8⅝

Long-term Eurodollars: two years 9⅛-9⅜ per cent; three years 9⅞-10⅛ per cent; four years 10⅜-10½ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Mixed changes in London

Short term rates eased after a briefly firmer start in London yesterday. Initial reaction to Thursday night's speech by Mr Nigel Lawson, Chancellor of the Exchequer, tended to push rates firmer as it was revealed that the Government intended to rely more on short term interest rates to control monetary conditions and that the authorities intended to maintain their cautious approach on interest rates, removing any lingering hopes of an early cut in base rates.

However short term rates came back as the pound continued to improve steadily against the dollar and most European currencies. Longer term rates were firmer, so making the reverse yield curve a little less pronounced. In fact a series of steps developed with rates up to three months very much the same while four, five and six months were about ⅛ lower, followed by longer term rates which were marked up as market optimism evaporated over the prospect of lower rates. Three-month interbank money finished at 11⅝-11 9/16 per cent compared with 11⅝-11½ per cent and the one year rate was higher at 11⅝-11½ per cent compared with 11-11 7/16 per cent. Three-month eligible bank bills were bid at 11 3/32 per cent from 11 1/16 per cent. Weekend interbank money touched a low of 9 per cent but rose in the afternoon to a high of 15 per cent.

The Bank of England forecast a shortage of around £600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £333m and a rise in the note circulation a further £245m. In addition banks brought forward balances £175m below target. These were partly offset by Exchequer transactions which added £170m.

The forecast was revised to a shortage of around £650m and the Bank gave assistance of £18m in the morning. This comprised purchases of £118m of eligible bank bills in band 2 (15-33 days) at 11 7/16 per cent and £6m in band 3 (34-63 days) it bought £184m of eligible bank bill at 11 7/16 per cent.

The forecast was revised once more, before taking into account the early help, to a shortage of £700m and the Bank gave additional assistance of £336m. This comprise purchases of £34m of eligible bank bills in band 1 (up to 14 days) at 11½ per cent, £133m in band 2 at 11 7/16 per cent and £144m in band 3 at 11⅜ per cent. In band 4 it bought £1m of Treasury bills and £24m of eligible bank bills, all at 11 5/16 per cent. Late assistance came to £80m, making a total of £734m.

UK clearing banks base lending rate 11½ per cent since July 30.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 18)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 3/16	bid 8 3/16	offer 8 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Oct. 18	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.4-4.5	4.60-4.75	4.6-4.7	4.70-4.85	4.75-4.85	5.5
Paris	9⅛	9⅛-9¼	9⅛-9¼	9 1/16-9 3/16	9¼-9⅜	9⅛
Zurich	⅞-1⅛	4 1/16-4 3/16	—	4½-4⅝	—	—
Amsterdam	5¾-5⅞	5 11/16-5 13/16	—	5 11/16-5 13/16	5 11/16-5 13/16	—
Tokyo	6.21875	6.46875	6.46875	6.46875	—	—
Milan	14⅛-14½	14¼-14⅝	—	14¼-14⅝	—	—
Brussels	9.55	8 11/16-8 15/16	—	8 11/16-8 15/16	—	—
Dublin	10-10½	9⅞-10⅛	9¾-10	9¾-10	9⅞-10⅛	—

LONDON MONEY RATES

Oct. 18	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9-15	11¼-11¾	11½-11 9/16	11 7/16-11⅝	11¼-11½	11 7/16-11 9/16
Sterling CDs	—	—	11½-11⅜	11 7/16-11 5/16	11⅛-11¼	10⅞-11
Local Authority Depos	11¼-11½	11⅜-11½	11 9/16	11½	11 5/16	11
Local Author'y Bonds	—	—	12	11¾	11⅝	11¼
Discount Mkt Depos	9-11¼	11¼-11⅜	11⅜	11⅛	—	—
Company Depos	11-12	11⅝	11¾	11⅝	—	—
Finance Hse Depos	—	—	11⅝	11½	11⅜	11⅛
Treasury Bills (Buy)	—	—	11 1/16	11⅛	—	—
Bank Bills (Buy)	—	—	11 3/16	11 1/16-11 3/32	10¾	—
Fine Trade Bills (Buy)	—	—	11 ¼	11 ⅛	11⅛	—
Dollar CDs	—	—	7.85-7.95	7.9-8.0	8.0-8.1	8.4-8.5
SDR Linked Depos	—	—	7 11/16-7 13/16	7¾-8	7 13/16-8 1/16	8 1/16-8 5/16
ECU Linked Depos	—	—	8¼-8⅜	8 7/16-8 9/16	8 9/16-8 11/16	8¾-8⅞

Treasury Bills (sell): one-month 11 3/32 per cent; three-month 11 1/32 per cent. Bank bills (sell): one-month 11 3/32 per cent; three-month 11 3/32 per cent. Treasury Bills: Average tender rate of discount 11.0982 per cent. ECGD Fixed Finance IV: September 4 to October 1 (inclusive): 11.597 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from October 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11⅛ per cent; nine-12 months 11 per cent. Under £100,000 10¾ per cent from October 2. Deposits held under Series 5 11 per cent. Deposits withdrawn for cash 7½ per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Lead price touches 27-month low

BY RICHARD MOONEY

THE LEAD market was the weakest feature of a generally lacklustre London Metal Exchange (LME) this week.

With over-supply continuing to weigh down sentiment investment fund selling helped to push prices to the lowest level for 27 months before they recovered strongly yesterday on speculative short-covering. The LME cash quotation ended only £6.50 down on the week at £276.50 a tonne after yesterday's £10 rise.

At a conference organised by Metal Bulletin this week Mr Simon Hobson of the London-based consultancy Metals and Minerals Research forecast continued weakness in the lead market. He said supplies of refined lead were likely to remain in surplus this year and next with consumption levels continuing stagnant and non-socialist world production rising further. He thought a 7 per cent rise between the end of this year and 1990 was likely.

Mr Hobson was similarly gloomy about the prospects for recovery in the zinc and copper markets. On the LME cash higher grade copper price rallied £12 yesterday on dollar-based short-covering to finish the week only £2 down at £974.50 a tonne, and cash high grade zinc regained £8.50 to end £2.50 off at £446.50 a tonne.

In its monthly Sugar Review, published this week, London trader C. Czarnikow, was far from bullish about the immediate prospects for a recovery in sugar prices.

It noted that recently-published statistics indicated a reduction in world stocks but declared: "There is still too much sugar in the world."

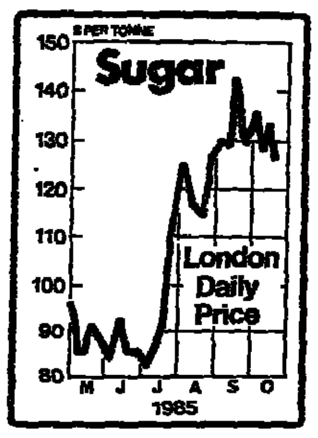
In a year's time stocks will still amount to more than 20 week's supply, Czarnikow said, "whereas it is customary to consider about 13 weeks' supplies at around the low point of the year are sufficient to ensure that market needs will be met."

The current round of cuts in European producer prices for zinc continued this week with Preussag, AM and S (Europe), Otokumpo and a number of North American suppliers following the move to $730 a tonne from $780 started by Metallgesellschaft and Billiton at the end of last week.

Tin prices were also easier this week with cash standard metal ending £250 down at £8,557.50 a tonne, a 19-month low, having been held at that level yesterday by resumed support buying by the International Tin Agreement buffer stock.

Coffee futures prices maintained their recent firmer tone with most of the impetus coming from the New York market. The January position in London ended £51 up at £1,709 a tonne after recovering early losses yesterday based on currency related long-liquidation and profit-taking. Lack of rain in Brazil's coffee belt has been the main factor in the market's strength and yesterday it was suggested that the 1985/86 crop in Colombia, the world's second biggest producer after Brazil, could be well below previous expectations. The Colombian Coffee Exporters' Association said the crop may total only about 11m bags (60 kilos each)) instead of the 12.2m to 12.5m forecast by the National Coffee Growers' Federation and the U.S. Department of Agriculture.

The recent easier tone on the world sugar market was maintained with the London daily raws price finishing the week $1.50 down at $126.50 a tonne, despite reports of further Soviet buying.



WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium	£1010/30	−30	£1040/1070	£1180/1210	£990/1010
Free Market c.i.f.	[illegible]				
Antimony					
Free Market 99.6%	$2750/2850	−40	$3550/3650	$3170/3270	$2550/2650
Copper-Cash High Grade	£974.5	[illegible]	£1040.75	£1333.75	£945.5
3 months Do. Do.	£992.75	−5.5	£1062.75	£1331.75	£958.25
Gold per oz	$326.25	+0.25	$341.75	$338.75	$284.25
Lead Cash	£276.5	−6.5	£337.75	£391.5	£266.5
3 months	£279.75	−9.75	£345.75	£381.5	£271.75
Nickel free mkt c.i.f. lb	189/209c	−5	213/233c	258/282c	186/206c
Palladium	$101.75	+1.5	$140.50	$129.65	$93.50
Platinum per oz	$322.25	+2	$328.50	$342.25	$244.25
GRAINS					
Barley Futures	£109.40	−0.10	£110.80	£117.40	£95.00
Maize French	£135.50x	−2.5	‡	£152.20	£129.50
WHEAT Futures	£108.60	+0.50	£110.60	£124.95	£95.80
SPICES					
Cloves	$3,400	+200	$4,000	$4,000	$3,200
Pepper white	$4,300	+75	$5,000	$4,575	$3,300
black	$3,850	+150	$1,950	$3 850	$2,200
OILS					
Coconut (Philippines)	$440z	−7.5	$1,265	$960	$415
Palm Malaysian	$360y	−10	$635	$700	$340
SEEDS					
Copra (Philippines)	‡	—	$720	$575	$280
Soyabeans (U.S.)	‡	—	$254.5	$255.4	$207.5
Quicksilver (76 lbs)	$265/275	−7.5	$302/310	$300/310	$270/285
Silver per oz	431.75p	−8.75	580.30p	575.90p	425.45p
3 months per oz	443.30p	−8.85	594.80p	594.90p	437.10p
Tin cash	£8,557.5	−250	£9542.5	£10,325	£8557.5
3 months	£8,502.5	−220	£9495	£10,232.5	£8465
Tungsten Ind.	$70.75	+3.38	$85.67	$83.85	$66.75
Wolfram (22.04 lb)	$62/66	—	$84/87	$75/78	$56/60
Zinc cash	£446.5	−2.5	£617	£657.5	£438
3 months	£463.25	−3.5	£614.75	£656	£444.5
Producers	$750	—	$900	$960	$730
OTHER COMMODITIES					
Cocoa Futures Mar.	£1751.5	−23	£1899.5	£2,266.5	£1,657
Coffee Futures Jan	£1709	+51.5	£2283.5	£2,457	£1487.5
Cotton Index	‡	—	72.75c	71.85c	48.50c
Des. Coconut	£650	—	£1320	£1,250	£650
Gas Oil Fut. Dec.	$254.75	+8.5	$236.25	$262.5	$208.75
Jute UA BWC grade	$340	—	‡	$945	$340
Rubber kilo	58p	−1	50p	70p	57.50p
Sisal No. 3L	$600	—	$670	$670	$515
Sugar (Raw)	$126.5z	−1.5	$128.5	$142.5	$88
Tea (quality) kilo	160p	—	360p	345p	160p
(low med) kilo	108p	—	280p	255p	102p
Wooltops 64s Super	415p kilo	−7	467p kilo	526p kilo	415p kilo

† Unquoted. (g) Madagascar. (u) November-December. (v) September-October. (x) November. (y) December. (z) October-November.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	677-8	−4.5	677.5/677
3 months	698.5	−9.0	701/697

Official closing (am): Cash (680-.5), three months (702-.5), settlement (680.5). Final Kerb close: 698-.5.

Turnover: 15,400 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	974-5	+12.0	968/964
3 months	992.5-3	+9.0	995.5/982

Official closing (am): Cash (959.5-60), three months (981-.5), settlement (960). Final Kerb close: 995-.5.

Cathodes			
Cash	952-4	+8.5	978/972
3 months	979-80	+10.5	—

Official closing (am): Cash (940-1), three months (964-5), settlement (941). Turnover: 32,850 tonnes. U.S. Producer prices 65.00-70.00 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	276-7	+10.8	273/272
3 months	279.5-8	+8.0	280/273

Official closing (am): Cash (266-.5), three months (270.5-1.5), settlement (266.5). Final Kerb close: 277-.5.

Turnover: 8,450 tonnes. U.S. Spot: 19.00-20.00 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2910-20	+25.0	—
3 months	2955-60	+25.0	2970/2905

Official closing (am): Cash (2895-905), three months (2940-15), settlement (2905). Final Kerb close: 2950-5.

Turnover: 864 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	8558-60	−2.5	—
3 months	8500-5	+42.5	8520/8500

Official closing (am): Cash (8735-40), three months (8610-5), settlement (8740). Final Kerb close: 8515-20.

Standard			
Cash	8555-60	—	8560/8558
3 months	8485-90	+37.5	8510/8465

Official closing (am): Cash (8720-30), three months (8605-6), settlement (8730). Final Kerb close: 8510-5.

Turnover: 2,310 tonnes. Straits tin [illegible]

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	446-7	+8.5	—
3 months	453-5	+8.75	454/448

Official closing (am): Cash (442-.5), three months (447.5-8.5), settlement (442.5). Final Kerb close: 453.4.

Turnover: 9,000 tonnes. U.S. Prime Western: 38.00-38.75 cents per pound.

GOLD

Gold fell $⅛ an ounce from Thursday's close in the London bullion market yesterday to finish at $326-326½. It opened at the same level and traded between a high of $327-327½ and a low of $325¾-326¼. Trading was generally quiet and uneventful, with gold touching its high soon after the opening of New York before easing back during the afternoon.

GOLD BULLION (fine ounce) Oct. 18		
Close	$326-326½	(£230½-231)
Opening	$325-326½	(£227-228½)
M'n'g fix	$326.25	(£228.867)
Aft'n'n fix	$326.25	(£228.354)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$331¼-331¾	(£231¾-232)
½ Krug.	$173-173½	(£121-121¼)
¼ Krug.	$88¼-88¾	(£61¾-62)
1/10 Krug.	$36-36½	(£25¼-25½)
Mapleleaf	$336¼-336¾	(£235¼-235½)
New Sov.	$78½-79	(£55-55¼)
½New Sov	$46¾-47¼	(£32¾-33)
Old Sov.	$80½-82	(£56¼-57½)
$20 Eagle	$460-500	(£321¾-349¾)
Noble Plat	$330½-334½	(£232-234¾)

SILVER

Silver was fixed 1.5p an ounce lower for spot delivery in the London bullion market yesterday at 431.75p. U.S. cent equivalents of the fixing levels were: spot 615.7c, up 3.1c; three-month 627.1c, up 2.8c; six-month 639c, up 2.3c; and 12-month 666.3c, up 1.05c. The metal opened at 435-438p (615-618c) and closed at 430-433p (615-618c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	431.75p	−1.50	429.5p	−3.75
3 months	443.30p	−1.80	441	−4.25
6 months	454.65p	−1.65	—	—
12 months	478.10p	−2.20	—	—

LME—Turnover: 223 (7) lots of 10,000 oz.

RUBBER

PHYSICALS—The London market opened easier, remained quiet throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): spot 55.00p (same); November 56.00p (56.50p); December 56.25p (56.75p). The Kuala Lumpur fob price for RSS No 1 was 185.0 (same) cents a kg and for SMR 20 [illegible]

INDICES

FINANCIAL TIMES

Oct. 17	Oct. 16	M'nth ago	Year ago
247.88	248.56	254.47	293.69

(Base: July 1 1952=100)

REUTERS

Oct. 18	Oct. 17	M'th ago	Year ago
1701.7	1697.4	1725.1	1893.5

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 17	Oct. 16	Month ago	Year ago
Spot	116.07	115.66	—	123.51
Fut.	118.25	117.65	—	126.07

(Base: December 31 1931=100)

COCOA

Prices held within a narrow range in light trade and closed near the lows. There was no producer interest and the industry was basically still price checking but not actively buying, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1705-1706	−10.0	1720-1705
March	1751-1752	−7.0	1765-1748
May	1780-1783	−6.0	1790-1780
July	1804-1805	−7.0	1814-1803
Sept.	1815-1820	−6.0	1825-1820
Dec.	1800-1802	−8.0	1807-1800
Mar.	1807-1810	−9.0	1818

Sales: 1,809 (2,382) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for October 18: 106.96 (106.45); five-day average for October 21: 106.29 (106.33).

COFFEE

In fairly active conditions prices moved lower after posting early gains, reports Drexel Burnham Lambert. Support towards the close lifted values and short-covering aided the late rise.

COFFEE	Yesterdy's Close	+ or —	Business Done
Nov.	1670-1671	+6.0	1672-1650
Jan.	1708-1710	+3.5	1714-1687
March	1746-1747	+11.0	1748-1720
May	1780-1785	+14.0	1790-1750
July	1770-1800	−2.5	1830-1780
Sept.	1780-1835	—	1800
Nov.	1800-1865	+17.5	—

Sales: 3,398 (3,484) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for October 17: Comp daily 1979 124.19 (123.13); 15-day average 121.02 (120.66).

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Nov.	105.70	−0.10	106.55	−0.75
Jan.	108.60	−0.15	109.40	−0.25
Mar.	111.55	−0.25	112.35	−0.20
May	114.50	−0.25	114.60	−0.35
July	117.25	−0.25	—	—
Sept.	96.75	−0.75	96.75	−8.57

Business done—Wheat: Nov 105.80-5.50, Jan 108.70-8.55, Mar 111.60-1.50, May 114.60-4.50, July and Sept untraded. Sales: 247 lots of 100 tonnes. Barley: Nov 106.80-6.55, Jan 109.50-9.45, Mar 112.40 only, May 114.75-4.55, Sept untraded. Sales: 122 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent Dec 132.75, Jan 135, Feb 138.25 transhipment east coast. U.S. no 2 soft red winter Nov 114, Dec 115.50, Jan 117.50, Feb 117.75 sellers, EC French Nov 124.50. English feed fob Nov 109.50, Dec 110.25, Jan/Mar 113.50. April/June 117.50 sellers west coast. Maize: U.S. no 3 yelow/French transhipment each coast Nov 135.50 sellers. Barley: English feed fob Oct 108, Nov 110, Dec 112, Jan/Mar 115.50 sellers west coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: E Mids 100.00, N East 109.80, Scotland 99.50. The UK monetary coefficient for the week beginning Monday October 28 (based on HGCA calculations using 3 days' exchange rates) is expected to remain unchanged at 1.000.

MEAT

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Nov.	117.40	117.40	117.5-116.5
Feb.	101.30	102.20	102.0-101.5
April	102.50	104.00	103.5-103.0
June	101.30	101.20	101.50
Aug.	100.50	100.50	—
Oct.	106.00	105.10	106.00

Sales: 72 (393) lots of 50 carcases. 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.00p per kg lw (+1.30). GB—Sheep 161.23p per kg est dcw (+7.04). GB—Pigs 80.80p per kg lw [illegible]

U.S. MARKETS

PRECIOUS METALS moved modestly higher, reflecting continuing concerns over the potential for central bank intervention in foreign exchange markets which could weaken the dollar further reports Heinold Commodities. Copper firmed on good trade support along with expectations of further stock declines on the LME. Aluminium prices were steady but nervious on the lack of speculative interest. Sugar traded mixed reflecting lingering concerns over the potential for Brazilian exports. Cocoa improved slightly on a lack of producer offers. Coffee market traded mixed on profit-taking following this week's sharp gains. The poor pace of exports continued to encourage light selling in cotton. The energy complex weakened on forecasts of above normal temperatures in North Eastern U.S. The grain and soyabean complex were lightly traded with maize supported by forecasts of rain in the mid-west

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	42.85	—	—	42.90
Nov	43.05	—	—	43.05
Dec	43.40	43.55	43.35	43.50
Jan	43.75	—	—	43.85
March	44.50	44.70	44.50	44.60
May	45.20	—	—	45.30
July	45.90	—	—	46.00
Sept	46.60	—	—	46.70
Dec	47.65	—	—	47.75
Jan	48.00	—	—	48.10

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2191	2197	2182	2178
March	2270	2277	2263	2258
May	2319	2321	2311	2304
July	2350	2361	2345	2333
Sept	2368	2374	2370	2350
Dec	2383	2374	2365	2347
March	2355	—	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	143.89	144.30	143.33	143.85
March	148.11	148.50	145.70	146.40
May	147.12	147.60	146.75	147.40
July	147.50	147.75	147.00	147.75
Sept	147.64	147.67	147.60	147.68
Dec	147.03	147.30	147.30	147.30
March	147.03	—	—	146.85

COPPER 25,000 lbs, cents/lbs

	Close	High	Low	Prev
Oct	61.30	—	—	60.20
Nov	61.55	—	—	60.45
Dec	61.95	62.10	61.10	60.85
Jan	62.15	—	—	61.12
March	62.60	62.75	61.95	61.65
May	62.95	63.00	62.25	62.00
July	63.30	63.35	62.65	62.35
Sept	63.65	63.75	63.10	62.70
Dec	64.20	63.75	63.10	62.70
Dec	64.20	64.35	63.70	63.25
Jan	64.35	—	—	63.40

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	59.86	60.12	59.75	60.28
March	60.40	60.68	60.35	60.76
May	60.80	61.09	60.80	61.17
July	59.35	59.55	59.30	59.70
Oct	53.95	54.00	54.00	54.15
Dec	52.82	52.80	52.76	52.95

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Nov	29.51	29.55	29.41	29.56
Dec	28.74	28.79	28.66	28.83
Jan	28.04	28.12	28.00	28.16
Feb	27.50	27.62	27.48	27.65
March	27.00	27.16	27.00	27.17
April	26.68	26.82	26.72	26.79
May	26.40	26.45	26.37	26.41
June	25.95	—	—	26.03
July	25.75	—	—	25.72
August	25.55	—	—	25.46

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	326.8	327.0	327.0	325.6
Nov	327.8	—	—	326.5
Dec	329.7	330.0	328.6	328.4
Feb	333.9	334.3	333.1	332.6
April	338.0	338.0	337.2	336.7
June	342.4	—	—	341.1
Aug	346.9	348.0	348.0	345.6
Oct	351.7	—	—	350.4
Dec	356.5	355.5	355.3	355.2
Feb	361.6	—	—	360.3
April	366.9	366.2	366.2	365.6
June	372.5	—	—	371.2
Aug	378.3	—	—	377.0

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	82.50	82.80	82.40	83.14
Dec	82.90	83.35	82.85	83.64
Jan	83.00	83.40	82.90	83.50
Feb	81.75	82.05	81.25	81.85
March	77.85	78.15	77.70	78.00
April	74.70	74.90	74.65	74.77
May	72.50	72.70	72.45	72.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	332.5	321.5	321.0	329.1
Jan	328.3	331.5	324.5	329.9
April	333.3	330.5	329.0	329.9
July	332.7	333.5	331.0	332.9
Oct	336.3	337.0	334.0	333.9

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	118.60	119.00	118.60	119.25
Jan	115.60	117.25	115.15	116.80
March	115.35	115.50	115.05	115.35
May	113.40	114.50	114.25	114.45
July	113.45	113.70	113.50	113.50
Sept	112.50	—	—	111.50
Nov	112.50	—	—	111.50
Jan	112.50	—	—	110.00
March	113.10	113.00	113.00	110.00

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	617.0	617.0	613.5	614.1
Nov	618.9	—	—	618.1
Dec	622.0	623.5	618.5	620.2
Jan	627.4	—	—	625.6
March	635.8	636.5	631.0	633.0
May	644.5	644.5	643.0	641.8
July	653.8	654.0	650.0	651.2
Sept	663.7	664.0	664.0	661.3
Dec	678.6	678.0	678.5	676.7
Jan	684.2	—	—	682.2

SUGAR WORLD "11" 112,000 lbs, cents/lbs

	Close	High	Low	Prev
Jan	4.93	4.97	4.87	4.94
March	5.37	5.40	5.25	5.35
May	5.57	5.59	5.43	5.50
July	5.75	5.92	5.63	5.78
Oct	6.05	6.24	5.90	6.06
Jan	6.30	6.40	6.40	6.40
March	6.65	6.68	6.54	6.67

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lbs

	Close	High	Low	Prev
Oct	61.92	62.25	61.40	61.80
Dec	64.85	64.90	63.60	63.90
Feb	63.75	63.80	62.15	62.50
April	61.92	62.00	61.25	61.50
June	62.32	62.40	61.50	61.65
August	60.07	60.20	59.50	59.52
Oct	59.05	59.05	58.50	58.75

LIVE HOGS 30,000lb, cents/lb

	Close	High	Low	Prev
Oct	46.00	46.70	45.70	45.82
Dec	46.70	46.75	45.35	45.62
Feb	45.75	45.75	44.72	44.90
April	41.20	41.35	40.35	40.50
June	43.20	43.45	42.50	42.62
July	43.42	43.65	42.75	43.02
August	42.50	43.00	42.50	43.15
Oct	40.15	40.25	39.95	40.15
Dec	41.20	41.20	41.15	41.25

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Dec	219.0	221.6	218.6	219.6
March	233.0	235.0	233.0	233.0
May	240.0	241.4	239.6	240.0
July	243.2	244.2	242.6	242.6
Sept	232.6	233.4	232.2	232.6
Dec	228.6	229.4	228.0	228.2
March	238.0	238.0	237.4	236.8

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.80	65.35	64.42	64.75
March	66.07	66.40	64.55	64.85
May	67.20	67.30	65.65	66.10
July	67.42	67.42	65.85	66.50
August	65.42	65.42	63.80	64.40

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	504.0	507.4	503.0	504.2
Jan	517.2	520.4	516.4	517.6
March	531.4	534.0	530.0	531.2
May	541.4	544.0	540.2	541.4
July	549.0	551.4	547.4	548.2
August	548.4	551.2	548.0	548.0
Sept	538.4	541.2	538.0	538.0
Nov	537.4	539.4	538.4	536.4
Jan	549.0	—	—	548.0

SOYABEAN MEAL 100 tons; $/ton

	Close	High	Low	Prev
Oct	145.2	145.2	143.2	144.5
Dec	146.1	146.3	144.0	145.1
Jan	147.0	147.1	144.8	145.7
March	148.6	148.8	146.5	147.2
May	149.7	149.7	147.5	148.5
July	141.0	151.0	149.0	149.7
August	150.3	150.5	150.0	148.3
Sept	150.5	150.5	148.5	148.5
Oct	149.5	149.5	148.0	146.5
Dec	149.5	150.0	149.5	147.9

SOYABEAN OIL 60,000 lbs; cents/lbs

	Close	High	Low	Prev
Oct	19.27	19.60	19.23	19.35
Jan	19.32	19.65	19.28	19.46
March	19.73	20.01	19.68	19.89
May	20.12	20.35	20.09	20.35
July	20.50	20.75	20.47	20.68
August	20.70	20.80	20.70	20.85
Sept	20.55	20.83	20.60	20.53
Oct	20.55	20.70	20.55	20.70
Dec	20.55	20.80	20.55	20.80

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	313.2	314.0	312.0	314.0
March	320.0	321.4	318.4	320.6
May	309.6	310.6	307.2	310.6
July	288.0	289.6	287.2	288.0
Sept	289.4	293.0	289.4	289.4
Dec	300.6	300.6	300.6	300.0

SPOT PRICES — Chicago loose lard 15.00 (same) cents per pound. New York tin 558-63 (558-68) cents per pound. Handy and Harman silver bullion 614.0 (614.5) cents per troy ounce.

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or —	Business Done
October	—	—	—
Dec.	128.2-126.5	+1.25	126.5-126.0
Feb.	128.0-129.0	+0.90	128.5
Apr.	127.0-128.0	+0.95	127.5
June	125.2-125.0	+0.80	124.5
August	125.2-125.5	+0.85	124.5
October	125.0-128.0	+0.50	—

Sales: 503 (73) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $126.50 (£89.00), down 50c (down 50p) a tonne for October-November delivery. White sugar $167.00, down $1.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	154.8-155.4	155.8-158.2	158.0-155.2
Mar.	145.0-145.4	144.0-144.2	148.0-141.8
May	146.4-146.6	147.8-148.0	151.0-146.0
Aug	152.4-153.0	155.4-155.8	—
Oct	158.2-158.8	158.0-159.4	161.8

Sales: 2,083 (2,382) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £192.00 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for October 17: Daily price 4.89 (4.92); 15-day average 4.97 (same).

PARIS—(FFr per tonne): Dec 1340/1348, Mar 1354/1355, May 1380/1389, Aug 1420/1430, Oct 1445/1455, Dec 1460/1480.

FREIGHT FUTURES

The market opened unchanged in thin conditions. Gains soon increased as higher physical values were reported on the major grain routes. Gains were consolidated and levels remained steady throughout the afternoon, reports Clarkson Wolff. The Baltic Freight Index was 885.5, up 4.5.

	Close	High/Low	Prev
Oct.	914/916	916/913	907/910
Jan.	928/930	930/928	925/926
April	985/988	983	979/989
July	850/860	—	860/875
Oct.	930/[illegible]	—	[illegible]
Jan.	960/[illegible]	—	[illegible]
April	1020/[illegible]	—	[illegible]
July	890/[illegible]	—	[illegible]

OIL

Brent traded erratically in an uncertain market. Early-dated November cargoes commanded a 75c premium. Nymex WTI opened 14c down for November but recovered to trade at 1c down by 1 pm EDT. In the petroleum products market gas/oil was slightly weaker on good supply. Some end-user interest was reported for Naphtha but otherwise prices were stable.—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.70-27.80	—
Arab Heavy	25.55-25.65	—
Dubai	26.95-27.05	—
Brent Blend	27.95-28.05	−0.25
W.T.I. (1pm est)	29.35-29.45	−0.025
Forcados (Nigeria)	28.75-28.85	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	278-280	+2
Gas Oil	256-259	−2
Heavy fuel oil	135-137	+0.5
Naphtha	243-245	—

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Nov.	257.50	—	258.50-56.75
Dec.	254.75	−0.25	258.25-54.00
Jan.	253.50	+0.50	254.25-52.50
Feb.	250.50	+0.75	250.75-49.00
Mar.	242.75	+1.00	242.75-41.75
Apr.	235.00	+0.50	235.50-34.50
May	230.00	+1.00	230.00

Turnover: 1,692 (2,339) lots of 100 tonnes.

POTATOES

With confidence in the physical market running high, November opened £1.00 higher and gained a further 90p before profit-taking just below £70, 60 mark trimmed values. April also opened higher but traded within a limited range throughout the day in good volume, reports Coley and Harper.

Month	Yesterday's Close £ per tonne	Previous close	Business Done
Nov.	68.80	68.00	69.80-68.80
Feb.	69.50	68.00	—
April	79.90	78.80	80.90-80.00
May	87.00	86.00	87.00-87.00

LONDON STOCK EXCHANGE

S. E. DEALINGS

MARKET REPORT

Bond and share values surge higher following Chancellor's Mansion House speech

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 30	Oct 10	Oct 11	Oct 21
Oct 14	Oct 24	Oct 25	Nov 4
Oct 28	Nov 7	Nov 8	Nov 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

Longer Government bonds displayed a burst of strength in London yesterday which enabled the authorities to resume their funding programme in aggressive fashion. The equity market was equally impressive with leading shares, after an early hiccup, continuing their record-breaking advance to close at new peaks.

Mr Lawson's suggestion on Thursday that short-term interest rates would remain high for the present awakened the Gilt-edged market from its recent slumber. Institutional investors hastened to revise their *portfolios, opting for high-*coupon longs on the basis that shorter maturities might temporarily lose their appeal. Overseas investors also directed funds to the same area with the result that the new tap stock, Treasury 10 per cent 2001, ran out in first-time trading; the Government broker finally accepted bids of £40½ for the £40-paid stock, after having earlier refused lower bids.

Ultra long high-coupon Gilts showed the largest movements, these ranging to nearly a point with the gains tapering off towards *medium-life issues.* The tone was strongest just before the official 3.30 pm close but the authorities disappointed after-hours by announcing new *funding to the tune of £600m* via the issue of two tranches of existing longer-dated stocks. Prices then drifted away from the best to close a maximum of ⅝ up on balance. The shorts were active and fluctuated throughout the session to settle only marginally easier on the day, but index-linked issues lost favour and sustained falls stretching to ½.

Consideration of the Chancellor's comments led one leading jobbing firm to mark down leading shares more sharply than its competitors. The manoeuvre, an attempt to shake out nervous short-term holders, succeeded *only in attracting fresh buyers* which aggravated existing stock shortages. Prices rebounded quickly and before midday shares had recovered all their *early losses.* Shortly afterwards the market began to build up a new head of steam and, with bid speculation reviving in numerous stocks, the FT Ordinary share index closed at a record. Having posted a fall of over 6 points at *10 am, it closed* 7.6 up on the session at a best-ever 1050.9.

Composites dip & rally

In the wake of Thursday's good performance, Composites opened easier and continued to drift on sporadic profit-taking. However, buyers later reappeared at the lower levels and a rally ensued. Commercial *Union recovered from 246p to* close a net 3 better at 253p, while General Accident, the subject of a favourable broker's review, ended the same amount dearer at 658p, after 648p. *Life* issues continued firmly with Sun Life 15 up at 867p and Legal and General 6 to the good at 708p.

Clearing banks ended the week with a flourish. NatWest again led the way with a rise of 12 to 687, while Midland appreciated 10 at 415p. Lloyds, which on Wednesday sold a *near-5 per cent stake in* Royal Bank of Scotland, closed 7 up at 442p; RBS were unaltered at 278p.

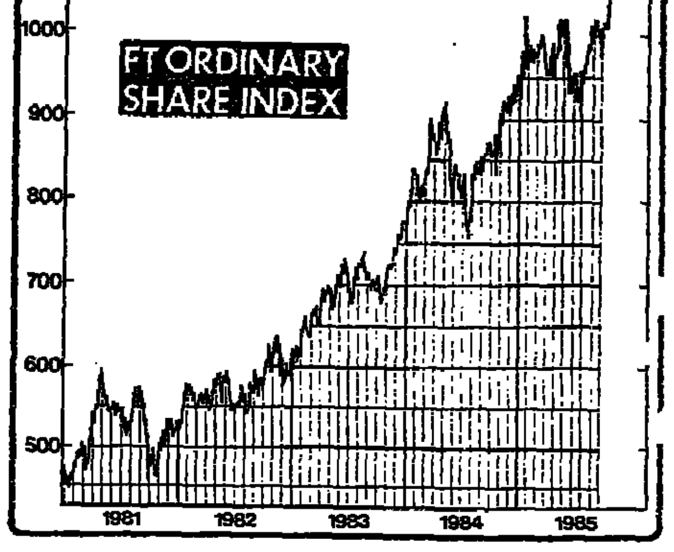
Allied-Lyons, up to 282p in early trading, finally settled a net penny cheaper at 275p as the company took the unusual step of advising shareholders to take *no action in the event of* Elders IXL launching its much vaunted bid on Monday. Other leading Breweries were decidedly irregular. Bass advanced 10 to a *1985 high of 620p, but recently* firm Scottish and Newcastle eased a couple of pence to 176p. Profit-taking was also evident in Distillers which eased 4 to 432p *after reports that the Kuwait* Investment Office had acquired a non-disclosable stake.

Leading Buildings began cautiously following the Chan*cellor's shift on interest rate* policy, but picked up on the reappearance of buyers to close a shade firmer for choice. BPB Industries closed a penny better *at 306p, after 302p, and* Blue Circle a couple of pence harder at 560p, after 555p. Secondary issues, buoyant of late on bid speculation, took a breather although SGB firmed 4 to *230p* onhopes that C. H. Beazer will increase its tender offer. Robert M. Douglas found support at 72p, up 6, while a re-rating in the wake of the results helped Bryant Holdings rise 7 to 88p. John Maunders, a firm market earlier in the week on reports that a 3½ per cent stake had hcanged hands, slipped 2 to 154p on the agreement, subject to *High Court approval, to acquire* six housebuilding sites from Milbury Homes South. Jayplant lost the turn at 29p following the annual results, while Henderson *Group, interim figures due* shortly, gave up 10 to 243p.

Woolworth at new peak

ICI *opened lower at 644p* folowing adverse Press comment, but gradually improved to close a couple of pence better on balance at 654p; the third-quarter *results are due next Thursday.* Other Chemicals attracted selective buying interest, Coates Brothers A rising 6 to 134p and Allied Coloids adding 3 to 135p.

Relatively subdued throughout the house session, leading Stores responded to selective demand after-hours. Woolworths, still benefiting from several investment recommendations advanced 5 to a new high of 523p—a gain *of 30 over the five-day period.*



Harris Queensway, interim figures scheduled for next Tuesday, rallied 4 to 258p. Owen Owen touched 495p before settling 10 higher on balance at 490p following a press report that Burton, 3 up at 528p, is considering launching a counter-bid for the company; original suitors Clayform Properties spurted 20 to 240p. Revived speculative interest *was noted for Steinberg,* 7 up at 89p, and Martin Ford, 3 dearer at 57p, while French Connection, mid-term results due next Wednesday, *hardened 10 to 255p.* Allebone, on the other hand, fell 5 to 51p in reply to the worse-than-expected interim deficit, while Milletts Leisure, which also re*vealed a first-half loss, closed 10* off at 175p, after 170p.

Apart from Thorn EMI, which rose 12 more to 381p on continuing hopes that the IBA will revoke its decision on the Carlton Communication's bid for Thames Television, leading Electricals rarely strayed from their overnight levels. Racal, still reflecting the downgraded profits forecast from brokers *Wood Mackenzie, softened* a couple of pence more to 142p. Elsewhere, V.G. Instruments advanced 12 to a 1985 peak of 316p on hopes of a bid from Bats, while buying on recovery hopes helped Logica improve 19 *to 169p. Forward Technology,* however, fell 4 to 30p, after 28p, in reaction to the interim profits setback. Other high-technology stocks to lose ground included Microlease, at *200p,* down *30,* and CML Microsystem, 15 off at 130p.

Leading Enigneers followed the general trend, with quotations rallying from an initial mark down. GKN opened at *around 250p but picked up on* institutional support to close 4 higher on the day at 260p. Hawker closed 6 to the good at 409p, after 395p, while Vickers ended 4 dearer at 315p. Elsewhere, Delta encountered some *good buying at 184p, up 5, but* Stothert and Pitt provided a late *weak feature, falling 17 to 126p* on the annual loss and passing of the dividend. In contrast, Bullough gained 20 to 220p in a limited market. Revived support *left* Weir Group *3½ higher* at 70½p and GEI International 4 dearer at 101p. Hopkinsons responded afresh to news of the proposed U.S. acquisition with a *further rise of 4 to 188p.* Spear and Jackson, currently in receipt of an unwelcome bid from James Neill, ran back 9 to 241p; James Neill eased a penny to 162p which makes their share exchange offer worth 243p.

*Selected leading Foods con*tinued to attract buyers. Northern rose 8 to 278p on rerating suggestions, while Tate and Lyle met with steady support and firmed 7 to *485p.* Associated British Foods picked up 6 to 240p and Ranks Hovis McDougall 3 to 161p. Secondary issues displayed several bright features, notably Somportex, up 16 at 133p, as asset injection *hopes revived strongly.* USM-quoted Appletree put on 8 to 148p on speculative buying, while E.T. Sutherland gained 12 to 98p in a restricted market. Buyers continued to *favour* Hunter Saphir, up 3 more at 128p, but Bluebird remained depressed by the poor annual figures and shed 3 for a two-day fall of 15 to a year's low of 63p.

Grand Metropolitan touched 370p prior to closing 3 higher at 365p following confirmation that *the group is considering a pos*sible management buy-out of Mecca Leisure and Warner Holidays.

BAe advance

Leading miscellaneous *indus*trials encountered selected investment buying at the early low levels. Beecham, which opened at around 307p, soon rallied to close unaltered on balance at 315p. Glaxo continued to edge *higher* and closed ¼ dearer at £13½, while Hanson Trust, a nervous market recently awaiting the outcome of its bid for SCM, moved up 4 to 207p. Revived *demand left* British Aerospace 13 to the good at 456p, after 458p. Cookson responded to Press mention with a rise of 11 to 305p, but Davies and Newman, reflecting the heavier *interim* loss, gave up 5 at 155p. Rank Organisation were *firm again* at 440p, up 10, while Duport firmed 2½ to 51½p in belated response to recent interim figures. Fresh buying lifted Fisons 10 more to 393p, but still reflecting recent cautious comment, Channel Tunnel *fell* further in a restricter market to 170p before closing 50 down on balance at 190p. G. W. Sparrow, currently in receipt of a bid from BET, advance *7 to 81p on hopes of either* a counter or an increased offer. Bid speculation persisted in European Ferries, which advanced 6½ further to 151½. News of the *recommended offer* from Hillsdown left Walker and Homer a penny lower at 20p; Hillsdown improved a couple of pence to 175p. Profit-taking after the *previous* day's rise on the sharp interim profits recovery left J. Billam lower at 73p.

Lucas Industries, propelled by continuing consortium bid speculation, closed a further *10* up for a rise of 40 on the week at a 1985 peak of 443p. Elsewhere in Motors, Armstrong Equipment rose 2½ more to 71½p following renewed speculative support, but profit-taking clipped 5 from Kennings to 138p; IEP Securities this week acquired a sizable stake in Kennings from the Kuwait Investment Office.

Leading Properties opened a few pence lower and usually stayed that way. Land Securities *settled 3 cheaper* at 317p, as did MEPC, at 314p. Haslemere Estates softened 4 to 532p and Slough Estates lost the turn at 164p. Regalian, a rising market recently, *slipped* 5 to 310p; the interim results are due on November 13. The annual profits standstill left Scottish Metropolitan 3 cheaper at 88p, but renewed *demand in a restricted* market lifted Speyhawk 10 to 315p. Takeover speculation continued to boost estate agents. Bairstow Eves gained 6 to 119p *for a rise on the week of 17 on* hopes of an offer from either Lloyds Bank or Hambros Bank.

British and Commonwealth, still buoyed by the appointment of ex-Exco executive Mr John Gunn to the board, improved 3 afresh for a rise of 36 on the week to 326p; the interim results are scheduled for Thursday.

The absence of the widely-rumoured bid from Guinness Peat induced profit-taking in Britannia Arrow which closed a few pence easier, but still 24 better on the week at 131p; GP added 2 more to 79p. Elsewhere in Financials, confirmation of its acquisition of Sentinel Insurance left Aitken Hume 5 dearer at 160p. Speculative buying prompted *improvements of 4 in* Kwahu, at 24p, and Majedie, at 161p. Centreway Trust hardened a couple of pence to 18p. In Trusts, Border and Southern moved up 4 to 166p in response to the preliminary results.

Oils drift

Oils remained a relative backwater and leading shares did little more than drift lower in thin trading. Shell, a *resilient* market in recent days, slipped to *685p prior to closing 3 cheaper* at 698p, while British Petroleum held the overnight level of 548p. Tricentrol softened 3 to 183p on Press suggestions that the company may acquire an *investment* trust as part of a fund-raising *exercise.* Elsewhere, Irish exploration stocks encountered selling on talks that Atlantic Resources may need to raise money to finance further drilling programmes. Atlantic settled 2 down at 30p, after 28p, and Aran Energy closed 2 lower at 19p Eglinton were finally unchanged at 43p, after 40p, while Bryson were 3 easier at *115p after 112p.*

Golds subdued

South African mining markets were *again largely ignored.* Despite an encouraging start—Johannesburg investors proved to be selective buyers of heavyweight Golds—share prices soon *drifted from the best levels,* partly reflecting the continued absence of Continental and U.S. support.

In dollar terms, Golds displayed a narrowly mixed profile, but that currency's weakness *against the pound left sterling* quotations with more pronounced losses. Vaal Reefs closed ¼ off at £44¼, while falls of ⅜ were common to Winkelhaak, £12¼, and *Southvaal,* £21½. *Marginals* showed double-figure falls, particularly in the Gencor group where Kinross, 850p, and Marievale, 103p, dipped 25 and 10 respectively. For the second successive session, Freddies *bucked the trend, rising 25* for a two-day advance of 40 to 515p on further consideration of the statement that talks are in progress which could have an impact *on the share price.*

The FT Gold Mines index, *calculated in sterling terms,* fell 2.3 to 282.5—a decline of 12.1 over the week.

Financials also gave ground. Among London-registered counters, RTZ, which recently announced the acquisition of a 30 *per cent holding in the Escon*dida copper prospect in Chile, dipped 5 to 545p. Platinum lacked support with Impala, 10 off at 605p, and Rustenburg 30 down at 540p, the latter despite the bullish tenor of the chairman's *latest review.*

Australian mines finished the week on a quietly dull note as "down-under" investors directed their attentions towards domestic industrial stocks. MIM Holdings shed 5 to 125p, while Western *Mining,* 183p, and *Peko-Wallsend,* 276p, eased 4 and 3 respectively. *Exceptions were provided by* CRA, 2 up at 290p, and Carr *Boyd, 6 higher at 81p.*

FINANCIAL TIMES STOCK INDICES

	Oct. 18	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 11	year ago
Government Secs	84.57	84.33	84.20	84.20	84.16	84.14	80.95
Fixed Interest	90.28	90.22	90.06	90.06	89.91	90.09	84.06
Ordinary ♥	1050.9	1043.3	1034.9	1025.9	1028.8	1027.5	853.5
Gold Mines	282.5	284.8	295.1	299.9	294.6	291.4	544.4
Ord. Div. Yield	4.60	4.63	4.68	4.73	4.65	4.64	4.96
Earnings, Yld. % (full)	11.26	11.35	11.44	11.56	11.38	11.36	11.83
P/E Ratio (net) (*)	10.97	10.88	10.80	10.68	10.87	10.90	10.15
Total bargains (Est.)	34,207	22,988	23,232	23,610	24,496	22,721	20,141
Equity turnover £m.	—	638.41	486.65	450.74	530.22	535.58	426.51
Equity bargains	—	22,877	21,043	22,305	25,725	25,432	16,276
Shares traded (ml)	—	297.2	227.9	238.7	265.4	297.4	217.1

♥ 10 am 1037.2. 11 am 1040.8. Noon 1042.8. 1 pm 1047.0. 2 pm 1048.0. 3 pm 1049.2. 4 pm 1050.5.
Day's High 1051.2. Day's Low 1037.2.
Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil = 10.58.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.28 (18/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1050.9 (18/10)	911.0 (25/7)	1050.9 (18/10/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	280.1 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Oct. 17	Oct. 16
Daily Gilt Edged Bargains	130.6	129.6
Equities Bargains	148.9	136.3
Value	1,890.4	983.6
5 day Average Gilt Edged Bargains	140.0	140.9
Equities Bargains	152.3	149.9
Value	1,067.9	998.6

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 21	Nov 1	Jan 23	Feb 3
Nov 4	Nov 15	Feb 6	Feb 17
Nov 18	Nov 29	Feb 20	Mar 3

For rate indications see end of Unit Trust Service

Stocks favoured for the call included S. & W. Berisford, Grand Central, United Biscuits and the Warrants, Land Investors, Goodman Bros, Monument Oil and Gas, Logica, Ashley Indsutrial Trust, Falcon Resources, Aitken Hume, British and Commonwealth, STC, Brittannia Arrow, Combined Technologies and Dwek. No puts or doubles were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31 1984, based on Thursday October 17 1985

Shipping and Transport	+39.68	Textiles	+13.21
Office Equipment	+33.73	Other Groups	+12.32
Insurance (Life)	+33.55	Insurance Brokers	+10.06
Stores	+32.72	All-Share Index	+ 9.66
Brewers and Distillers	+31.95	Industrial Group	+ 9.44
Motors	+30.26	500 Share Index	+ 9.30
Newspapers, Publishing	+29.35	Property	+ 9.22
Metals and Metal Forming	+28.96	Food Manufacturing	+ 8.21
Packaging and Paper	+26.20	Oils	+ 8.16
Contracting, Construction	+23.75	Health and H'sehold Products	+ 6.46
Insurance (Composite)	+22.99	Investment Trusts	+ 5.10
Telephone Networks	+22.14	Leisure	+1.28
Other Industrial Materials	+19.23	Capital Goods	− 2.64
Merchant Bank	+17.36	Electricals	− 4.28
Financial Group	+16.07	Chemicals	− 5.99
Building Materials	+15.38	Mining Finance	− 7.45
Consumer Group	+15.01	Overseas Traders	− 8.90
Banks	+14.12	Tobaccos	−16.45
Food Retailing	+14.08	Electronics	−33.41
Mechanical Engineering	+13.65	Gold Mines Index	−40.53

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	61	35	12	246	88	206
Corpns. Dom. and Foreign Bonds	22	7	52	66	31	308
Industrials	319	279	885	1,902	1,282	4,235
Financial and Props.	144	78	340	794	316	1,690
Oils	13	36	78	121	132	382
Plantations	2	5	11	9	15	66
Mines	21	53	112	162	283	505
Others	48	89	71	374	272	388
Totals	630	580	1,561	3,674	2,399	7,780

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
95	F.P.	7/11	103	97	AMS Inds. 5p	97	−1	b51.25	5.0	1.8	15.7
—	F.P.	9/10	7	6	Bardsey Pfd. Ord.	7	...	—	—	—	—
—	F.P.	—	3	3	Do. warrants	3	...	—	—	—	—
185	100	1/11	148	117	Britoil 10p	127	−1	t13.0	3.0	8.8	6.1
90§	F.P.	5/11	105	95	✣Colorgen Inc. $0.01	103	+3	—	—	—	—
125§	F.P.	8/11	135	130	✣C.P.N. 5p	130	......	bg1.75	3.7	1.9	8.3
§88	F.P.	—	96	91	✣Cowells	92	......	bg2.6	2.6	4.0	15.4
75§	F.P.	1/11	76	70	✣Electronic Data 5p	76	+2	bg1.6	4.2	3.0	11.4
130	F.P.	—	110	104	Fairbriar 10p	110	......	bg4.0	2.7	5.2	10.1
§94	F.P.	30/10	98	78	✣InfraRed $0.10	90	+2	Q2.16c	—	1.7	—
§20	F.P.	27/9	29	25	✣Israel (Jack L.) 4p	27	......	b0.6	2.3	2.6	23.0
§62	F.P.	8/11	63	50	✣Just Rubber 10p	59	......	61.74	3.2	4.2	24.3
§79	F.P.	8/11	87	80	✣Kewill Systems 5p	82	......	g1.2	4.3	2.1	16.0
100	50	13/11	47	43	Nat. Home Loans 75p	46	......	—	—	—	—
§180	F.P.	25/10	184	165	✣Questel 10p	180	......	bg4.0	3.5	3.2	12.9
§95	F.P.	—	100	95	✣Radius 5p	93	......	bg2.66	2.3	4.1	12.9
¶330	F.P.	1/11	405	343	St. Ive's 10p	400	−5	bg8.0	3.1	2.8	16.3
100	F.P.	—	99	97	Strata Invs.	98	......	—	—	—	—
*	F.P.	—	30	15	Vantage Secs. Wrrnts	20	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
87,305	£50	—	32$\frac{1}{16}$	29⅝	Australia 9½% Ln. 2012	32$\frac{1}{16}$	+½
¶91.448	£50	17/1	29⅝	27½	Bank of Greece 10¾%Ln. 2010	29⅝	+⅛
‖	Nil	—	17pm	10pm	Brit. Benzol 13% Conv. Uns. Ln. 1995	16pm	−1
§96.456	£25	27/11	28⅝	25⅝	Brixton Est. 10¾% 1st. Mort. Deb. 2025	28⅜	+¼
§100	£10	—	10¾	10⅝	EastbourneWater 11.2% RedDeb.2005/9	10¾	+⅛
§98.324	£40	3/12	44	40¾	Est. & Gen. Inv.11¼%1stMort.Deb.2018	44	+¼
§97.617	£25	31/1	27½	25¾	Evans of Leeds 11% 1st.Mort.Deb. 2026	27½	+¼
—	F.P.	—	101½	100¾	Hampton Tst. 11½% 1st Mtg Deb 2025	101¼	+½
88.466	£30	24/1	32⅝	29⅝	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	32⅝	+$\frac{3}{16}$
§100	F.P.	—	110	84½	✣Memory Comp. 7.8% Cnv.R.Pf1994/8	110	+8
100	£50	13/11	50	47¾	Nat. Home Loans 8% Cnv. Uns.Ln. 2005	49	+1
—	F.P.	—	100⅛	99$\frac{1}{16}$	Nationwide11$\frac{1}{16}$% Bds. 15/9/86	99⅞	−$\frac{1}{16}$
—	F.P.	—	99$\frac{5}{16}$	99$\frac{1}{16}$	Do. 11⅜% Bds. 20/10/86	99$\frac{3}{16}$	......
**	F.P.	22/11	115	110	Pittard 9½% CuE. Pref.	115	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
DM190	Nil	—	90pm	55pm	BASF A.G. DM 50	66¾pm	−¼
11	F.P.	11/11	11¾	10½	Blacks Leisure 10p	10½	......
55	Nil	—	11pm	8pm	Brasway 10p	11pm	......
48	F.P.	22/11	65	57	Burns-Anderson 10p	61	......
85	F.P.	11/11	125	105	City Site Estates	125	......
60	Nil	22/11	22pm	15pm	Crowther (J)	16pm	−1
165	F.P.	6/11	217	180	DRG	217	......
210	F.P.	22/11	260	245	Emess Lighting	248	......
5	Nil	30/10	12pm	3pm	Howard & Wyndham 5p	12pm	......
10	F.P.	12/11	11	10¼	✣Humberside Elect. 20p	11	......
225	Nil	6/12	78	65	ML Hldgs	65	......

For Greenfields Black see Blacks Leisure.

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on *prospectus estimates. g Assumed dividend and yield. u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ *Dealt in under Rule 535 (4) (a).*

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (149)

BRITISH FUNDS (21)
INT BANK & O'SEAS GOVT. STLK ISSUES (7)
FOREIGN BONDS (2)
BANKS (7)
BREWERS (1)
BUILDINGS (10)
CHEMICALS (4)
STORES (4)
ELECTRICALS (4)
ENGINEERING (9)
FOODS (6)
HOTELS (1)
INDUSTRIALS (23)
INSURANCE (5)
LEISURE (2)
MOTORS (4)
PAPER (1)
PROPERTY (11)
SHIPPING (1)
TEXTILES (2)
TRUSTS (19)
OILS (1)
OVERSEAS TRADERS (1)
MINES (3)

NEW LOWS (49)

AMERICANS (4)
Amfac, Rockwell Intl, Micro Memories, Southwestern Bell
ELECTRICALS (10)
Acorn Computer, Microlease, CML Microsystems, Plasmec, Cambridge Elec, Prestwick, Comsoft, Security Tag Systems, Cranbrook Elec, Unitech
FOODS (1)
Blue Bird Confectionery
INDUSTRIALS (7)
Abbeycrest, Pritchard Services, Emhart, Sidlaw, ICC Oil, Standard Fireworks, Pacer Systems
LEISURE (2)
Piccadilly Radio, Radio City A
NEWSPAPERS (1)
Intl Thomson
PAPERS (2)
Aldcom Intl, JWT
PROPERTY (1)
Cons Tern Invs
TEXTILES (1)
Shaw Carpets
TRUSTS (1)
Ind Fin & Inv
OILS (5)
Atlantic Res, Ned London Oil, Clyde Petroleum, Ranger Oil, Edinburgh Oil Gas
PLANTATIONS (4)
Bertam, Pt 1990-92, Harrisons Malay, Williamson Tea, McLeod Russel 8.4pc
MINES (10)
Kinross, Vaal Reefs, Leslie, Harmony, South African Land, Southern Pacific, Winkelhaak, Homestake, Buffels, Northgate Expln

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Brit Aero	130	443	− 7	Allied-Lyons	85	276	− 1
Cable and Wire	119	620	+30	STC	84	76	− 6
Glaxo	104	£13½	—	Brit Telecom.	79	181	−12
ICI	92	652	+10	Lucas Inds	79	433	+38
GEC	90	186	+ 8	BAT Inds	76	286	—
Hawker Sidd	90	403	+14	Pilkington Bros	76	276	+20

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Abbey Life	240	+ 3	GKN	260	+ 4
Brit Aerospace	456	+13	Lake View	142	+ 1
Channel Tunnel	190	−50	Logica	169	+19
Commercial Union	253	+ 3	Lucas Inds	443	+10
Euro Ferries	151½	+ 6½	Owen Owen	490	+10
Grand Metropolitan	365	+ 3	Sparrow (G. W.)	81	+ 7

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Hawker Sidd	18	403	− 4	Brit Arrow	12	134	+ 5
ICI	16	652	+ 3	Brit and Comm	12	323	+13
Barclays	15	412	+12	Brit Telecom	12	181	− 3
Cable and Wire	14	620	− 3	Unilever	12	£11⅛	+ ⅛
Royal Ins	14	718	+25	Lucas Inds	11	433	− 2
Euro Ferries	13	145	+ 3½	Shell Trans	11	701	+ 6

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

FOREIGN STOCKS (coupons payable in London)

CORPORATION STOCKS (FOREIGN)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. • Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Laing (John) 305 6.
Laird Gp 8pcLn 1988-93 £77
Laporte Industries (Hldgs) 7½pcPf (£1) 64 (11/10). 5½pc2ndPf (£1) 45½ (15/10). 5¾pcDb 1988-93 £75¾‡ 6‡ (16/10). 8pcDb 1993-98 £81. 10¼pcDb 1994-99 £95¾ (15/10)
Laurence Scott 6¼pcDb 1985-90 £79½ (16/10)
Lees (John J.) (10p) 132 (11/10)
Lewis (John) 5pc1st Pf (£1) 46 (11/10)
Lewis (John) Partnership 5pcPf (£1) 44 (11/10). 7½pcPf (£1) 62 (11/10)
Lex Service 8½pcLn 1992-97 £84
Lifecare Intnl 6.25pcPf (£1) 960
Lindustries 6¼pcDb 1984-89 £95½

(14/10)
Tarmac 7½pcDb. 1987-92 £86½. 7½pcDb. 1992-97 £77. 8¼pcLn. 1990-95 £84½ (15/10)
Tate and Lyle 6½pcPf (£1) 56¼ 8 ¼‡ ¾‡ (11/10). 5½pcDb. 1980-85 £100 (15/10). 7¼pcDb. 1989-94 £79. 6¼pcLn. 1985-90 £84 5 (15/10). 13pcLn. 1994-1999 £155 6 8
Taylor Woodrow 7¼pcLn. 1987-80 £89¼ (14/10)
Television South 10pcLn. 1997 £113½
Tenneco 10pcLn. 1991-95 £152 (15/10)
Tex Hldgs. (10p) 75 (16/10)
Thomson Org 4.72pc1stPf (£1) 60.

(11/10)
Murray Income Tst 5pcPf (£1) 43. 6pc DB 1983-88 £90 (14/10)
Murray Intnl Tst 3¼pcDb £27 (11/10)
New Darien Oil Tst War to sub 30 40
New Tokyo Inv Tst War to sub 92 (16/10)
Northern American Tst 3½pcPf £43 (15/10)
Northern Indust Improv Tst (£1) 215‡ 7‡
Plantation Tst 7½pcLn 2000 £81
Rights and Issues Inv Tst 51. 7½pcPf (£1) 78
River and Mercantile Tst 5pcPf £47 (14/10)

Electronic Data Processing PLC Ord (5p) 70 1 (11/10). New Ord (5p) (Fp/LA-1/11/85) 74 4(15/10).
Gibbs Mew PLC Ord (25p) 145 (11/10).
Goodhead Print Group PLC Ord (20p) 82 (16/10).
Gould (Laurence) and Co PLC Ord (25p)
Heavitree Brewery PLC A Ord (25p) 305 105 (15/10).
InfraRed Assoc Inc Shs of Com Stk $0.10 90. New Shs of Com Stk $0.10 (Fp/SR-30/10/85) 85 6 7 8 90 1 2 3.
Intervision Video Ord (10p) 4 ⅛ ½ 5.

...

Strad and Simpson 4½pcDb. 1932 £32
Steel Bros. Hldgs. 9pcLn. 1990-95 £86
Stoddard (Hldgs.) (10p) 16 (14/10). 10pc Pf. (£1) 118‡ (14/10)
Stonehill Hldgs. 10½pcPf. (£1) 99
Sunbeam Wolsey 8pcPf. (Ir£1) I£0.4 (16/10)
Swan (John) Sons 730 (16/10)
Swire (John) Sons 6.3pcPf. (£1) 83 ½
Symonds Eng. (5p) 15½ (11/10)

T—U—V

TI Group 9pcLb. 1989-94 £88 (15/10)
Talbot Motor 5½pcDb. 1984-89 £81½

9 30
Investors Capital Tst 5¼pcPf (£50) (15/10). 7¼pcDb 1992-97 £75¾
Jersey General Inv Tst 5½pcPf (£1) 45 (15/10)
Law Debenture Corpn 4pc2nd 1978-88 £86½‡ ¾‡. 4½pcDb £36 (14/10)
London and Strathclyde Tst 5pcPf £47¼0 80
London Tst War to sub 45
Lowland Inv 11¼pcDb 2010 £103¼ (14/10)
Merchants Tst 4pcDb £33 (15/10)
Metropolitan Tst 4.5pcPf (£1) 40‡ (14/10)
Murray Growth Tst 5pcDb 1955 £41

APPOINTMENTS

TSB Trust makes changes

TSB TRUST CO., a member of the TSB Group, has made three appointments. Mr Bruce McDowell has been appointed divisional director of business administration, with overall responsibility for administration and technology. He was appointed divisional manager, information systems, in 1984. Mr Mike Ramsay, formerly director and chief actuary, with responsibility for marketing, is now marketing director and chief actuary.

Mr Paul Brooks, director of operations since 1983, has been appointed finance director.

*

Mr Simon Greenly has been appointed non-executive director of ATA SELECTION. He is managing director of Greenly's, a management consultancy, and chairman of Routiers Holdings.

*

Mr Ken Swan, while giving up full-time executive duties with SWAN HELLENIC, a P & O Company, on reaching the official retirement age, will remain as president and a director with an active part-time involvement. Mr Christopher Stewart-Smith, a P & O main board director, is joining the board of Swan Hellenic and will take over as chairman.

*

Mr Ian Burrage, financial director and secretary of MULTITONE ELECTRONICS, has been appointed deputy managing director.

*

Mr John Tiller has been appointed assistant general manager and regional manager and Mr George Gill becomes deputy regional manager of STANDARD LIFE'S Scottish region.

*

Mr Keith Rentall has been appointed company secretary and financial controller for AUTOMATION AND POWER SYSTEMS. He was previously general manager at Abex Denison and was European controller and assistant to the president of Denison European Operations.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd.
6c Cannon St, London EC4N 6AE. Dlg. 01-236 3895

International Growth	92.6	96.5	+0.6	2.00
Income & Growth	42.9	45.4xd	.....	3.20
Special S Situations	52.2	54.5	+2.9	1.40
American Growth	26.1	27.8	+0.2	1.10
Japan Growth	33.5	35.7	-0.2	—
European Growth	50.1	53.9	+1.1	3.30
UK Growth	39.9	42.6	-0.1	—
Pacific Growth	32.0	34.2	.....	1.80
High Income	28.1	30.2xd	+0.1	7.40
Practical Income Units	41.2	44.0xd	+0.1	3.1
Practical Accum. Units	74.3	79.1xd	+0.3	3.1

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	65.0	69.1	.....	3.16
Accum Units	96.1	102.2	+0.1	3.16
Pearl Inc.	91.8	97.7xd	+0.3	5.03
Pearl Unit Tst.	97.3	103.2	+0.4	3.98
(Accum. Units)	164.0	174.5	+0.7	3.98

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	192.9	207.2	.....	1.95
Income	145.2	156.2xd	.....	5.39
Worldwide Recovery	106.4	114.2	+0.2	2.71
American Growth	53.2	57.1	-0.2	1.12
Intl. Emerging Cos.	58.9	63.2	+0.2	0.75
Far East Growth Fd.	49.7	53.3	-0.1	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	109.0	115.7xd	-1.0	0.19
Prolific Extra Inc.	64.6	68.5xd	.....	5.79
Prolific Gilt Cap.	84.4	87.8	+0.1	3.13
Prolific High Inc.	139.7	148.6	+0.3	4.98
Prolific Intl.	83.3	89.2xd	-0.3	1.90
Prolific N. Amer.	109.6	117.4xd	-0.5	2.36
Prolific Spec. Sits.	150.6	160.2	-0.6	1.52
Prolific Technology	95.9	102.7	-0.2	0.79

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Inc.	52.7	55.5xd	-0.3	—
Japan Acc.	52.8	55.9xd	-0.3	—
Worldwide Inc.	53.0	55.0xd	+0.3	2.40
Worldwide Acc.	53.3	53.3xd	+0.3	2.40

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. 0732 450161

Equity Dist.*	219.9	232.6		4.07
Equity Acc.*	261.0	276.1		4.07
Fixed Int. Dist.†	119.6	125.9		10.91
Fixed Int. Acc.†	166.8	174.9		10.91

*Prices on Oct 9. Next dealing Nov 13. †Prices on Oct 2. Next dealing Nov 6.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432 3

TSB American	89.7	95.5	-0.2	1.36
Do. Accum.	93.4	99.4	-0.3	1.36
TSB Extra Income	86.3	91.9	.....	6.32
Do. Accum.	99.4	105.8	+0.1	6.32
TSB General	124.3	132.3	+0.4	3.32
Do. Accum.	201.3	214.1	+0.6	3.32
TSB Gilt & Fxd Int.	47.2	49.2xd	-0.8	9.32
Do. Accum.	59.2	61.7	+0.1	9.32
TSB Income	172.5	183.6	+0.4	4.88
Do. Accum.	260.2	276.9	+0.6	4.88
TSB Pacific	106.6	113.5	-0.1	0.71
Do. Accum.	109.4	116.4	-0.1	0.71
TSB International	231.6	246.4xd	-0.1	2.08
Do. Accum.	284.1	302.3	-0.1	2.08
TSB Natural Resources	42.9	45.7xd	-0.1	2.16
Do. Accum.	43.3	46.6	-0.1	2.16
TSB Sitd. Opps.	47.9	51.0xd	.....	2.23
Do. Accum.	52.1	55.5	.....	2.23

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP 01-928 7822

Small Co's Fund	65.9	70.4	.....	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	63.3	67.5	.....	0.62
Australia	31.9	34.0	-0.3	0.10
Commodity	81.6	87.8	.....	1.93
Energy	37.3	39.9	.....	2.31
Equity	105.1	112.1	+0.2	3.51
European Spec. Sits.	60.7	64.9	+0.8	1.21
Extra Income	93.0	99.4	.....	7.22
Financial	210.9	224.9xd	+1.0	2.42
Gilt Capital	222.7	238.4	+0.7	3.25
Gilt Income	102.2	107.0	+0.3	8.34
Gold Income	55.2	58.9xd	-0.3	1.64

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$12.79		+0.13	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.48		....	—

Inv. Adv.. M & G. Inv. Mngt.. Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$10.57		....	—
Dynamic Gwth Fd	$9.61		....	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund — 77 London Wall, London EC2N 1DB — 01-588 1815				
Deposit	11.25		—	3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST. — 01-236 0952				
Call Fnd	11.59	8.51	12.09	6mth
7-day Fnd	11.56	8.64	12.60	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. — 01-236 1425				
Call Fnd	11.60	8.67	12.77	6-Mth
7-day Fund	11.11	8.30	12.21	6-Mth
Dollar	6.93	—	—	6-Mth
Money Mngt. Acct.	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq. Edinburgh, EH2 4DF — 031-225 8484				
Full Service Cur Acc.	11.25	8.00	11.78	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. — 01-638 6070				
Treasury Acc	11.25	8.41	12.58	Qtr
Mth. Int. Chq.	11.125	8.32	12.56	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD — 01-283 9111				
HIBCA	11.50	8.60	....	mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. — 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account — PO Box 125, Northampton — 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. — 29 Finsbury Circus, EC2M 5QL. — 01-588 2777				
Cater Allen	11.13	8.32	12.34	Mth
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. — 01-248 3999				
Sterling	11.13	8.25	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove — 01-748 9251				
Money Market Plus	—	9.57	14.28	Mth
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE. — 0803 862271				
Money Mkt Acc.	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd — 9 Henrietta Place W1M 9AG — 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.78	Mth
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH — 01-628 8060				
Money Mkt. Cheque Acc.	11.00	8.22	12.18	Mth
Lloyds Bank PLC — 71 Lombard St, London, EC3P 3BS. — 01-626 1500				
HighIntCheque Account	11.25	8.25	12.32	Qtr
Lombard North Central PLC — 17 Bruton St, W1A 3DH. — 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson — 91-99 New London Rd, Chelmsford. — 0245 51651				
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc — PO Box 2, Sheffield. — 0742 20999 Ext 8655				
High Int Chq Acc.	10.70	8.00	11.92	Qtr
£10,000 +	11.17	8.35	12.47	Qtr
Provincial Trust (formerly Cheulartons) — 30 Ashley Rd, Altrincham, Cheshire — 061-928 9011				
Cheque Acc.	11.50	8.60	12.79	Mth
Royal Bank of Scotland plc — 24 Lombard St, London EC3V 9BA — 031-557 0201				
Premium Account	11.0	8.22	12.11	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. — 0708 66966				
H.I.B.A.	10.83	8.10	12.05	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol. — 0272 732241				
Demand Acc.	11.18	8.36	12.32	Qtr
Money Acc.	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth — 0705 827733				
Special Acc.	11.15	8.33	12.43	Mth
Over £10,000	11.40	8.52	12.71	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL1 5SE — 0752 24141				
High Int Chq Acc.	11.69	8.74	12.90	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	58	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	48
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101 5/16	99 1/16	Exch. 12¼pc 1985	100 1/32 xd	.....	12.25	12.03
101 5/16	99 1/2	Exch. 11¾pc '86	100 3/16	–1/16	11.74	11.22
99¾	97 1/16	Treas. 10pcCnv 1986	99 5/16	–1/32	10.04	10.98
96½	92¾	Treas 3pc 1986	96 1/8 xd	+1/16	3.12	9.82
100	97½	Exch. 10½pc Cv '86	99 13/16 xd	–1/16	10.52	11.01
101⅞	99¼	Treas 12pc 1986	100 5/16	–1/32	11.93	10.96
98½	94⅝	Treas 8¾pc 1984-86‡‡	98⅝	–1/16	8.64	10.82
105 1/16	102 1/16	Exch. 14pc 1986	102 15/16 xd	–1/16	13.60	10.90
94½	87¾	Exch. 2½pc 1986	94½ xd	–1/16	2.65	8.04
104 3/8	101¼	Exch. 13¼pc 1987	102 13/16	–1/8	12.89	10.68
95 13/16	96⅝	Treas 10¼pcCv '87	99 7/16	–1/8	10.21	10.63
93¼	85½	Exch 2½pc 1987	93 1/16	.....	2.69	8.02
100 1/16	96¼	Exch. 10½pc 1987	99⅞	–1/16	10.51	10.59
95 1/16	89	Funding 6½pc '85-87‡‡	95¼ xd	–1/16	6.82	9.96
99 3/8	95½	Treas. 10pc 1987	99 1/16	–1/16	10.09	10.60
91¾	84¼	Treas 3pc 1987	91½	–1/16	3.28	8.36
102 13/16	99⅝	Treas. 12pc 1987	102 1/16 xd	–1/8	11.71	10.65
95 1/16	90¼	Treas 7¾pc 1985-88‡‡	95	–1/16	8.16	10.23
100 1/16	95⅝	Exch 10½pc '88	100 1/16 xd		10.49	10.50
98¼	93⅛	Treas 9¾pc Cv '88	98 1/16	–1/16	9.94	10.59
87 1/16	80	Transport 3pc '78-88	87½	.....	3.44	8.43
97⅝	91½	Treas. 9½pc '88	97⅜ xd	.....	9.76	10.54
102¾	97½	Treas 11½pc 1989	102 11/16	–1/16	11.20	10.49
97 3/8	90¼	Treas 9½pc Cnv. '89	97⅛	.....	9.78	10.51
83 13/16	79	Treas 3pc 1989	83 13/16 xd	+1/16	3.57	8.31
99⅞	94	Treas 10½pc 1989	99¼	–1/8	10.53	10.57
98¼	92	Exch 10pc 1989	98 5/16	–1/16	10.17	10.53
101 1/16	95	Exch 11pc 1989	101 1/16	.....	10.84	10.54
86⅞	79	Treas 5pc 1986-89	86 3/8	–1/16	5.79	9.18
108 13/16	103¾	Treas 13pc 1990‡‡	108 5/16	–1/16	11.97	11.41
101⅝	96 1/16	Exch 11pc 1990‡‡	101½	–1/16	10.84	10.53
108¾	100⅝	Exch. 12½pc 1990	106 13/16	–1/16	11.69	10.30
80 3/16	75¾	Treas. 3pc 1990●	80 1/16 xd	–1/16	3.74	8.33

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ǂ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	......	Arnotts	205	......
Craig & Rose £1	700	......	CPI Hldgs	62	......
Finlay Pkg. 5p	54	......	Carrol Inds.	140	+5
Higsons Brew	235	......	Dublin Gas	77	......
Holt (Jos) 25p	715xd	......	Hall (R. & H.)	59	......
IoM Stm. £1	87	......	Heiton Hldgs.	22	−2
IRISH			Irish Ropes	45	......
Fund 11¼% 1988	£101½	......	Unidare	108	......
Nat. 9¾% 84/89	£97⅝	......	For Jacob (W. & R.) see Foods		
Fin. 13% 97/02	£108¼	......			

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(International Edition Page 24)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FINANCIAL TIMES
Saturday October 19 1985

Thai bus deal bid may be revised

By Chris Sherwell in Bangkok

URGENT TALKS between the Government and a consortium led by Leyland Bus are close to producing an alternative bid for a multi-million pound contract to revamp Bangkok's ailing bus system.

The moves follow Tuesday's Thai Cabinet statement that the original £385m project would not proceed. It involved delivery of 4,000 Leyland buses over several years, the building of 20 bus depots and reform of the Bangkok Mass Transit Authority's management structure.

The deal would have been Leyland Bus's biggest single contract and would have helped to preserve jobs at the BL subsidiary's three British plants.

The alternative bid is likely to be for a fragment of the work tendered for, with an option to conclude the rest later.

This would be cheaper for the Thais, who cited the country's heavy debt burden as ruling out the original project, and would allow much needed reform of the loss-making Bangkok bus system.

The Government's intensified involvement springs from the coincidental presence in the Thai capital of Mr Paul Channon, the trade minister, and appears to reflect deep embarrassment in London over its contribution to the consortium's failure to conclude the deal.

Meetings in London earlier this month between General Prem Tinsulanonda, the Thai Prime Minister, and Mrs Margaret Thatcher and Sir Geoffrey Howe, the Foreign Secretary, failed to produce the hoped-for result. A follow-up letter from Sir Geoffrey reached his Thai counterpart too late.

Mr Channon, in Bangkok for an EEC-Asean economic ministers' meeting, insted yesterday that everything possible had been done. It is clear, however, that something went awry, even if Thai Cabinet rejection proved inevitable because of the deteriorating domestic economic climate.

Leyland's partners in the consortium are National Bus, the state-owned bus and coach operator, and MVA Consultants, a transport consultancy company.

Asean conference, Page 3

Willis opposes acceptance of state aid for ballots

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR NORMAN WILLIS, the TUC general secretary, last night spoke out strongly against unions accepting State funds to finance their internal ballots — even from "well-meaning Labour" governments.

His speech was surprisingly hard-line. It was made as the crisis within the TUC over the determination of the engineers' and the electricians' unions to take state aid threatens to re-emerge.

Various senior general secretaries — including Mr David Basnett of the General Municipal and Boilermakers' Union, Mr Clive Jenkins of the white-collar union ASTMS, and Mr Alan Tuffin of the Union of Communications Workers — have recently sought, in different ways, to press the TUC to reopen the issue of its proscription of union acceptance of such aid available under the 1980 Employment Act.

Mr Willis, speaking to Weymouth Trades Council, said: "He who pays the piper calls the tune. There is no substitute for a strong and independent trade union movement." Unions "were not built on State aid. We must never betray that birthright."

He recognised that neither the Amalgamated Union of Engineering Workers nor the electricians' union, the EETPU, had compromised its independence, and said he realised that some unions believed it was time for a change in policy.

However, he pointed to the "potential dangers of relying on others. I am concerned that no government, however sympathetic, get up in a position where we are financially dependent on them.

"I am not particularly thinking of this Government. I am thinking of all governments, including well-meaning Labour ones, who might be prepared to shower us with resources."

Mr Willis appears to be resisting a growing trend, not only from the Right of the TUC, but also within the Labour Party. Mr Neil Kinnock, the party leader, said just before its conference this month that he favoured a system under which a future Labour government would make substantial funds available for union development, including ballots. He also indicated that he favoured retention of legislation by which ballots on strikes and other matters were mandatory.

At Harrogate yesterday, two of the new generation of union leaders—Mr John Edmonds, general secretary-elect of the GMBU, and Mr Alastair Graham, general secretary of the Civil and Public Services Association—spoke in favour of ballots on strikes.

Leaders support ballots, Page 5

France asks Aerospatiale and Dassault to build space craft

BY DAVID MARSH

FRANCE yesterday asked its two main aerospace groups, Aerospatiale and Dassault-Breguet, to pool resources to build manned space aircraft, Hermes.

The move by the French space agency, CNES, opens the way for co-operation between Western European governments and industrialists on the project. It is estimated it will cost FFr 14bn (£1.2bn) and is expected to be backed 50 per cent by France.

The Hermes venture is an important part of Western European efforts to build an autonomous space transport system for commercial and military use.

The 59 ft long Hermes is planned to carry 4.5 tonnes in freight and two to six crew members. It will be about half the size of the U.S. space shuttle.

West Germany, France's main partner in European space programmes, this month repeated its reluctance to help finance the Hermes

However, M Jacques-Louis Lions, the CNES president, said yesterday he was "confident" solutions could be found by harmonising work on Hermes with other space projects in which West Germany was involved.

M Frederic d'Allest, the CNES director-general, who has played a leading role in trying to rally European support for Hermes, said he had "no worries" about assembling the remaining 50 per cent of finance from France's European partners. He said at least 10—probably 12 or 13—European countries would participate in building Hermes.

CNES is organising a conference in Paris next Friday to present Hermes to European governments, companies and universities.

The project is intended to dovetail with two other space initiatives which have already been given full European backing. These are a French-led project to build a heavy-duty Ariane-5 rocket, intended to launch Hermes and other payloads, and a West German-Italian-led plan to build the Columbus module to plug on to the U.S. space station.

CNES originally favoured a Dassault design for Hermes based on its 30-year experience in building delta-winged Mirage fighter aircraft. But it stopped short of giving Dassault sole responsibility for the project because of the company's lack of experience in space contracting or in collaborating with other European companies. Aerospatiale is main contractor for the Ariane rocket and has wide experience of European aerospace co-operation.

Aerospatiale has been given overall responsibility for Hermes and will probably assemble the vehicle at its Toulouse plant.

Dassault will do the main aeronautics work and will have responsibility for structural design.

Distillers appoints deputy chairman

By Martin Dickson

DISTILLERS, the world's largest Scotch Whisky producer threatened by a possible takeover bid from Argyll, the supermarkets group, has strengthened its management team with the surprise appointment of an American businessman.

Mr Bill Spengler, who retired last year as vice-chairman of Owens-Illinois, the large U.S. packaging and glassware group, has accepted the post of deputy chairman and deputy chief executive.

Mr Spengler, 57, who was with Owens-Illinois for 32 years, has been a non-executive director of Distillers since December.

He is on a five-year contract and will have particular responsibility at Distillers for group finance and planning.

Mr John Connell, Distillers' chairman and chief executive, denied the appointment had any connection with the threat from Argyll. "This has not suddenly cropped up," he said. "I have been planning it for quite some time as part of my restructuring."

He had first approached Mr Spengler at the start of the year.

The appointment follows Mr Connell's dismantling last month of Distillers' widely criticised system of management by committee. The heads of the group's business sectors now report directly to him.

Mr Connell said Mr Spengler's international experience in corporate planning and administration would be particularly valuable.

Mr Spengler's connection with Distillers goes back to the early 1970s when he spent three years in Britain as managing director of United Glass, an associate of Owens-Illinois. Distillers was a large customer of the company and took a big stake in it during Mr Spengler's time there.

Argyll, which is less than half the size of Distillers, appears confident of sufficient institutional financial support to launch a £1.5bn bid.

However, the Takeover Panel has forbidden it to do so until at least early December following a statement in September that it had no intention to make an offer "at the present time."

Distillers shares closed last night at 432p, down 4p on the day.

Spengler profile, Page 4

THE LEX COLUMN

Half an ear for the Chancellor

Whatever the intellectual shortcomings of the Chancellor's address to the Mansion House—and City economists are almost unanimous in the view that the whole thing came very short indeed—it took almost no time yesterday for the broad monetary message to penetrate the gilt-edged and foreign exchange markets.

Not that the gilts market was entirely convinced by what it had heard. Exhausting one tap in the morning and wheeling out another £600m of stock in the afternoon is not the way to convince anyone that official funding will in future be restricted to the purpose of financing the PSBR. The explanation for this burst of stock sales is probably quite simple. The Government Broker has been falling behind on his funding programme and for once had the opportunity to sell in a strongly rising market.

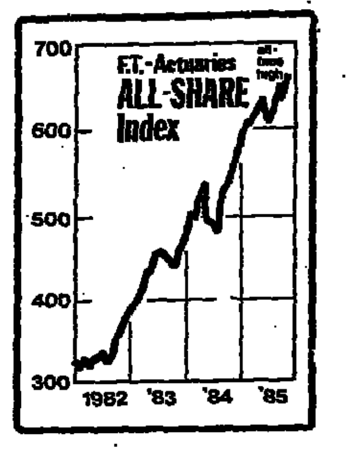
The alternative view was more sceptical. If Government spending is overshooting—as it appears to be — it may not matter much that overfunding has been consigned to the scrap heap. More gilts will be sold just in order to finance a higher PSBR. By the end of the day, the market appeared to be in two minds. The Chancellor's suggestion that short rates would be kept up while lighter funding would allow longer rates to fall had indeed been reflected in a slight adjustment to the yield curve. But the market hardly seemed to be heralding a major restatement of monetary policy.

The equity market appeared to set even less store by the Chancellor's remarks. Prices drifted lower early in the morning—with a little help from the jobbers—but the indices were again standing at record highs by the close. The prospects of high real interest rates and a strong pound may not be positive for company profits but profits are not the market's principal concern at the moment.

Takeover speculation remains the key to the market's rise and, with the rights issue starting to look a quaint old anachronism, the institutions have plenty of cash with which to back their hunches. And it is not a matter of investors having a dabble here and there. Turnover has been exceptionally heavy all week and large lines of stock have been changing hands in the more prominent takeover candidates.

The combination of a rising equity market, driven by liquidity and takeover fever, with an indulgent view of the growth in broad money looks just a little reminiscent of the mid-1970s. Market historians are now awaiting the arrival of high-coupon bonds with warrants. Then they will know for sure that the party is over.

Index rose 7.6 to 1050.9



Milan bourse

The fall of the Italian Government may have been unexpected but it was not exactly an unusual event; and while the coalition in Rome shows some signs of reforming next week with broadly the same principals, the Italian stock market yesterday started regaining the ground lost yesterday.

A government crisis on a foreign policy issue was bound to be of less concern to financial markets than if the Republicans had withdrawn over, say, the ballooning budget deficit; and those who blamed President Reagan for helping bring down the Government were grumbling yesterday that it was a Boston fund manager who started Thursday's downward spiral that took 5.5 per cent off the market's value amidst a flurry of domestic short sales on margin. As for the foreign exchange markets, the lira did very little except appreciate against a weak U.S. dollar, closing yesterday at levels higher against both sterling and the dollar than before the July devaluation.

But for everyone arguing Thursday's fall was the most painless sort of adjustment in Italy's long bull market, there is another to say that an index that has risen by three-quarters so far this year is already discounting every sort of favourable international comparison of corporate earnings. Indeed, foreign investors have been partly locked into the market by excessively long delays in settlement; and the new domestic unit trusts, already sitting on almost $10bn in new public money, were curiously passive during Thursday's shake-out.

Some domestic fund managers (still traders at heart) were waiting for a better opportunity to build their equity weightings, as yesterday's 2 per cent market rise showed; but to the extent that they have been pulled into the equity market by foreign buying, they are still looking abroad for a lead. A reduction in foreign interest in what is still a thin and cumbersome market could drive the unit trusts back to financing the budget deficit through buying Government bonds. This task could occupy much more of their time if the new coaltion must further water down the austerity proposals for the 1986 budget.

Grand Met

The stock market must be desparate for excitement. In the last two days, Grand Metropolitan's market capitalisation has risen by £154m on the suggestion that it intended to sell its Mecca Leisure and Warner Holidays divisions to their managements. The two companies account for only 2 per cent of turnover and profits and assuming they are sold for something over 10 times this year's expected earnings, Grand Met could raise around £70m altogether.

Grand Met makes the delphic claim that the companies are not part of its "long term strategic objectives." Maybe it has decided that bingo halls, holiday camps, bowling alleys and ice rinks are just too down-market when set against its swish West End casinos. Or perhaps it expects consumer expenditure to fall; discretionary entertainment spending must be very sensitive to changes in economic activity. Then again Grand Met is presumably aiming to reduce its gearing, which has climbed to well over 50 per cent after the purchase of Pearle Health Services. But unless it can sell Mecca and Warner for much more than their book values, the effect will be limited.

The market's apparent overreaction may instead have been acclaim for Grand Met's readiness to take a closer look at its portfolio. After the sale of Pinkerton Tobacco and the purchase of Pearle, the company showed that it was keen to shuffle its court cards. Now it is apparently prepared to look at the two of clubs too.

Continued from Page 1

Markets

growth next year to 2 per cent or below, leading many economists to believe that if the pound rose significantly the Government would quickly take the opportunity to cut borrowing costs.

On the foreign exchange markets the pound, benefiting from the generally weaker dollar as well as Mr Lawson's comments on interest rates, ended 1.3 cents higher at $1.4275. Gains against other currencies contributed to a 0.5 point rise in the sterling index to 80.6.

The dollar, which was hit this week by heavy central bank intervention and a lower-than-expected figure for American economic growth in the latest quarter, fell 1.05 pfennigs to DM 2.6365.

Liffe in yen bond futures link

BY YOKO SHIBATA IN TOKYO AND ALEXANDER NICOLL IN LONDON

THE LONDON International Financial Futures Exchange (Liffe) and the Chicago Board of Trade, the world's largest futures exchange, plan to jointly trade a futures contract based on Japanese government bonds.

Mr Brian Williamson, Liffe's chairman, and Mr Robert Goldberg, chairman of the CBOT, have spent the week visiting Japanese officials and, in an aggressive move, chose to announce the plan in Tokyo yesterday on the eve of today's inauguration of financial futures trading in Japan.

Mr Williamson estimated that the London market in Japanese government bonds already turns over $300m (£210.2m) a day, about the same volume as was seen in U.S. Treasury bonds when Liffe introduced a futures contract based on them. The new development is likely to boost that market as investors will be able to hedge their portfolio in the futures market.

Provided that regulatory approvals are obtained, the joint plan will produce Liffe's first formal link with another exchange. The London and Chicago yen bond futures will be "fungible," meaning that a contract bought in the morning in London could be sold in the afternoon in Chicago. The London and Philadelphia stock exchanges are awaiting approval for a similar plan to link their currency options.

The existence of a parallel market in Tokyo will open up the possibility for round-the-clock trading in yen bond futures, an arrangement which could be extended later to U.S. Treasury bond futures. The CBOT's Treasury bond contract is by far the most active futures product in the world, and Liffe already trades an almost identical contract.

The two exchanges do not need Japanese government approval to trade the new contract, but officials in Tokyo, who previously had not welcomed their approaches, are understood to be adopting a more helpful attitude to the initiative.

Mr Goldberg and Mr Williamson had previously been pressing the Japanese government to relax restrictions on cross-border futures trading. They saw their efforts partially rewarded at the beginning of the week with the news that Japan will shortly allow residents to trade on foreign futures exchanges. This is expected to boost significantly the Chicago and London markets.

Liffe and the CBOT expect their respective regulators to approve their plan next year, but have in any case agreed to watch the early stages of the Tokyo market, being set up by the Tokyo Stock Exchange, before proceeding. Its new contract is based on 10-year government bonds.

Continued from Page 1

S. Africa

proposals of the kind made by Mr Bob Hawke, the Australian Prime Minister, for the setting-up of a high-level Commonwealth liaison group on South Africa. The aim would be to bring about a dialogue between the white government of South Africa and the leaders of the country's black people.

Mr Hawke and other leaders feel that such a group should be backed by the threat of sanctions, if it did not produce results, but Mrs Thatcher said she fundamentally disagreed with this kind of approach.

Economic sanctions, now or in the future, would be a tremendous slap for all those in South Africa who had been working for change, she said. There was no point in the blacks recovering their dignity and achieving full political rights, only to inherit an economic wasteland.

Psychology was very important in such a matter. The South African government would resist change even more fiercely if a gun were pointed at its head, she said.

The starting point of any discussion on South Africa among Commonwealth nations was their common, total abhorence of apartheid and desire to see fundamental changes at the earliest possible date.

The single most important step now was to achieve a political dialogue between the South African Government and representatives of the black community, which would lead to the full participation of blacks in the processes of government. It was vital, if a political dialogue were to start, that all black South Africans should commit themselves to pursue their objectives by negotiation, not through violent action.

Mrs Thatcher hoped that a call would go out from the conference to that effect.

It was not for outsiders to lay down the precise constitutional structures for South Africa. That was to be decided by the political dialogue within the country, she said.

The execution prompted an angry reaction from European and other governments. In Paris, M Laurent Fabius, the French Prime Minister, observed a minute's silence in memory of Moloise outside the South African embassy, and described the hanging as "contempt of the Rights of Man by the racist regime."

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exch. 12pc 2013-17	£124½	+ ½
Assoc. British Foods	240	+ 6
Bairstow Eves	119	+ 6
Brit. Aerospace	456	+ 13
Carr Boyd	81	+ 6
Clayform Props.	240	+ 20
Euro Ferries	151½	+ 6½
Free State Dev.	515	+ 25
Kwahu	24	+ 19
Logica	169	+ 19
Lucas Inds.	443	+ 10
NatWest Bank	687	+ 12
Northern Foods	278	+ 8
Somportex	133	+ 16
Sparrow (G.W.)	81	+ 7
Thorn EMI	381	+ 12
VG Instruments	316	+ 12
FALLS		
Treas. 2½pc I.L. 2020	£92½	− ½
Allebone	51	− 5
Channel Tunnel	190	− 50
Forward Tech.	30	− 4
Kwahu	24	+ 4
Stothert & Pitt	126	− 17

WORLDWIDE WEATHER

UK today: England, Wales, S. Scotland, N. Ireland: cloudy, sunny intervals. N. Scotland: fog patches, dry.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	Corfu	S	21	70	Luxmbg.	S	11	52	Peking	S	16	61
Algiers	S	27	81	Dallas	C	23	73	Madeira	C	23	73	Perth	C	18	64
Amsdm.	C	13	55	Dublin	C	11	52	Madrid	S	21	70	Prague	C	9	48
Athens	C	15	59	Dbrvnk.	S	19	66	Majorca	S	24	75	Rykjvk.	R	9	48
Bahrain	S	32	90	Ednbgh.	C	11	52	Malaga	S	25	77	Rhodes	F	21	70
Barclna.	F	21	70	Faro	S	24	75	Malta	S	22	72	Rio J'o†		—	—
Beirut	C	27	81	Florence	S	17	63	M'chstr.	C	11	52	Rome	S	19	66
Belfast	F	13	55	Frankft.	S	14	57	Melbne.	R	13	55	Salzbrg.	S	12	54
Belgrd.	S	14	57	Geneva	S	15	59	Mx. C.†		—	—	S'cisco†	C	12	54
Berlin	D	11	52	Gibrltr.	F	22	72	Miami†		—	—	Singapr.	F	32	90
Biarritz	C	18	64	Gl'sg'w	S	15	59	Milan	S	17	63	S'tiago†		—	—
Bmghm.	C	11	52	G'rnsey	C	13	55	Montrl.†	C	8	46	Stckhm.	R	7	45
Blackpl.	C	12	54	Helsinki	C	6	43	Moscow	F	3	37	Strasbg.	S	10	50
Bombay	F	30	86	H. Kong	F	27	81	Munich	F	8	46	Sydney	C	21	70
Bordx.	S	20	68	Innsbrk.	S	13	55	Nairobi		—	—	Tangier	S	26	79
Boulgn.	C	13	55	Invrnss.	F	12	54	Naples	S	19	66	Tel Aviv	F	26	79
Bristol	C	13	55	I.o.Man	C	14	57	Nassau		—	—	Tenerife	S	25	77
Brussels	C	13	55	Istanbul	F	14	57	Nwcstl.	C	11	52	Tokyo	C	15	59
Budpst.	S	14	75	Jersey	C	13	55	N. Delhi	S	28	82	T'r'nto†	C	10	50
Cairo	F	26	79	Jo'burg		—	—	N. York†		—	—	Tunis	F	22	72
Cardiff	C	11	52	L. Plms.	S	24	75	Nice	S	20	68	Valencia	S	25	77
Cape T.	S	21	70	Lisbon	C	20	68	Nicosia	R	21	70	Venice	S	15	59
Chicg.†	R	16	61	Locarno	S	17	63	Oporto	S	19	66	Vienna	S	14	57
Cologne	C	12	54	London	C	13	55	Oslo	S	14	57	Warsaw	R	10	50
Cpnhgn.	F	13	55	L. Ang.†	C	18	64	Paris	S	13	55	Zurich	Fg	9	48

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. D—Dull.
† Noon GMT temperatures.

Mostek closure is blow to Irish electronics industry

BY HUGH CARNEGY

THE IRISH Industrial Development Authority yesterday put a brave face on the closure of Mostek, the U.S.-owned semiconductor manufacturer which employed 417 people at its Dublin plant and had been a main contributor to expanding the electronics industry in Ireland.

The closure of Mostek, and its plants in the U.S. and Malaysia as well as Ireland with the worldwide loss of 4,000 jobs, was announced by its parent, United Technologies, seventh largest U.S. manufacturing group, on Thursday.

The decision means that United Technologies is pulling out of semiconductor manufacturing amid mounting losses.

Mostek was one of the first big semiconductor makers to respond to the IDA's generous incentive scheme to attract high technology companies and was one of the biggest single employers in its field in Ireland.

Its Dublin plant was set up in 1979, assembling and testing integrated circuits. The IDA approved grants to it of I£22.5m (£18.8m), I£4.5m of which was taken up by the company. A further I£900,000 was provided by the IDA for training.

Mostek also intended to open a micro-chip manufacturing plant, but dropped the plan earlier this year, denting the IDA's efforts to steer foreign companies away from using Ireland as just an assembly site.

The Dublin workforce was laid off "temporarily" on full pay on October 4.

IDA officials said yesterday that the Mostek closure was regrettable but that the Irish electronics sector remained strong. Electronics exports had reached I£1.4bn in the same period of 1984. About 300 companies now operated in the sector, employing more than 20,000.

The IDA said it did not expect other closures and that other companies in Mostek's field, such as Fujitsu and NEC of Japan and Analog Devices and Advanced Micro Devices (AMD) of the U.S., were doing well in Ireland.

Under a special Contingent Grant Liability, the IDA would recoup much of the grants made to Mostek, a commitment the company had pledged to honour.

WEEKEND FT

Saturday October 19 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

War and pieces

What started out as a chess contest has become a bitter blood feud involving some of the Soviet Union's top political figures, says Dominic Lawson in Moscow.

AT THE corner of Moscow's Mayakovsky Square and Gorki Street stands the cavernous Chaikovsky Hall. Its stage is a blaze of light so that the eyes of the chess world can concentrate on the battle being fought there for the world title. But the confrontation now entering its final stage between the champion, Anatoly Yevgenevitch Karpov, and his challenger, Garri Kimovitch Kasparov, is much more than a chess match.

What started as a sporting contest featuring two of history's strongest players has turned into a clandestine blood feud in which some of the Soviet Union's leading political figures have become involved. And Kasparov's surge into the lead this week could well have *sent shudders through a Soviet establishment*, already under siege as Mikhail Gorbachev continues to introduce new, younger faces to replace the *apparatchiks* of a former era.

The battle — with one long unscheduled hiatus, has been going on since September last year. *In that time*, the players have become bitter enemies. The atmosphere in the Soviet Union's largest concert hall is acrid; among the 1,500 spectators there, and the tens of millions of Soviet chess fans outside, there are no neutrals.

Karpov has been world champion for 10 years. Kasparov, 22, won the right to meet him by beating the rest of the world's top contenders over three arduous years of elimination matches. When play began, Kasparov was just 21.

He is a native of Baku, the capital of the Soviet Republic of Azerbaidjan, bordering Iran. Kasparov was born Weinstein, but when he was 12 that was changed to a Russian version of his mother's name, Kasparian.

While much of modern chess has, under the influence of master strategist Karpov, become dry and technical, Kasparov plays in a way spectators appreciate — he hunts the king with unrestrained ferocity. "The public likes blood," Soviet Grandmaster Yuri Averbach told me in Moscow last week. "That's why Karparov is so popular." But it was by no means clear 13 months ago that even he could match the champion, who took over the title abdicated by Robert Fischer, the eccentric U.S. *genius, in 1975.*

Karpov has won more tournaments than any other player in history. When *he loses even one game*, it is a major event. He is capable of transforming the most minute advantage into a crushing position and he weaves a fine mesh of moves with the relentless care of a spider building a web.

The first encounter between them had *a sensational start. Karpov won four of* the first nine games, with no losses (The first to six wins would take the title). Then, Kasparov, playing against his natural style, mounted a rearguard action as though he was defending Stalingrad. *He* drew 17 straight games and set out deliberately to exhaust his much frailer opponent (Karpov is short and very thin, with a strangely feminine high-pitched voice: Kasparov is stocky, with a build that reflects regular hours of physical training).

Karpov finally went 5—0 ahead in the 27th game, but it was his last effort. *Kasparov* broke through *in the 32nd* game and, after another gruelling series of draws, scored crushing wins in the 47th and 48th. Then came the shock: the match was stopped abruptly in February — with Karpov keeping his title—by order of Florencio Campomanes, the Filipino president of the Federation International des Echecs, the game's ruling body. Although Campomanes is a close friend of Karpov, he has denied consistently that this was why he rescued the ailing champion, who was by now an outpatient at a Moscow clinic.

The USSR chess Federation was only too anxious to help in Karpov's rescue: most of its ruling council are Karpov placemen, starting with the president, Vitaly Sevastianov, a former cosmonaut.

Kasparov was not impressed: he denounced the termination "just when I have the chance to win," and said that *although he had wanted to continue* "certain gentlemen have attempted to persuade me otherwise." (It is thought that one of those gentlemen was Petr Demichev, the Minister for Culture). Another view was put by Eduard Gufeld, the trainer of the Soviet chess team, who *told me*: "*If the match had continued*, one player could be a dead man, another could be in a house for crazies."

The rules for the new match appear specifically designed to favour the champion. There is to be no timeless series this time, to test Karpov's stamina; instead it is the best of 24 games and if the score is tied 12—12 then Karpov retains his title. Should Karpov lose then he is, exceptionally, entitled to a return *match in a year.* "*Karpov is the most* insulated world champion in history," says Raymond Keene, the British chess historian and grandmaster.

The match also is in Moscow, Karpov's base, although Kasparov asked for it to be held "anywhere else in the USSR." *During the last match, a homesick* Kasparov more than once took the 34-hour flight to Baku, if only to get a day in the middle eastern sun.

The summer, Kasparov took a political gamble as courageous as any of his sacrifices on the chess board. He travelled to Germany and Yugoslavia; and in between crushing victories in friendly matches against two of the world's top players, gave interviews that must have rattled the chandeliers at the Moscow Central Chess Club in the tree-lined Gogolevsky Boulevard.

"At the moment there is no world chess champion," Kasparov told Der Spiegel, the West German magazine. "He has forfeited the right to call himself world champion. For Karpov, the word sport is an empty concept. He views the title "world champion," as a natural prefix to his family name. At the end of the match, he was just plain scared."

And in an interview with a Yugoslav *journalist, Kasparov was even more out*spoken: "My relations with the USSR chess federation couldn't be worse. It is almost a part of Karpov's family. It consists of people connected with Karpov for at least ten years. But they are only a group defending their own interests, which conflict with the real interests of chess fans in my country. I can beat Karpov. It's Campomanes whom I can't beat. He is a man who doesn't understand chess and its problems. He will do anything for money. We should end his authority."

Kasparov concluded that the idea of a return match if he beat Karpov "is the action of FIDE and the USSR chess federation. They want to save Karpov's title, whatever the cost."

After Kasparov's outburst, the Karpov clique at the USSR chess federation convened a hasty meeting and passed a reso*lution that would have banned Kasparov* from international chess for two years. But they did not realise that Kasparov had mobilised a very powerful supporter of his own. He took the 1,000-mile flight from Baku to Moscow to answer the charges — but was accompanied by Geida Aliev, a fellow Azerbaidjani who is a full member of the Politburo — and deputy prime minister.

Formerly known as the "shah" of *Azerbaidjan, a man who had risen* through the ranks of the KGB, Aliev's personal intervention was more than the chess functionaries had bargained for and they withdrew rapidly from their attempts to neutralise Kasparov.

It is true that Karpov was on personally very good terms with the late Soviet leader, Leonid Brezhnev, and his aged protege, Konstantin Chernenko. But the power axis in the Kremlin his tilted steadily to the south-east of the USSR since the end of the first match. Aside from Aliev there is, of course, Gorbachev himself; he comes from Sevastopol, which lies close to the Caucasian heartland. Most recently, there has been the startling rise to power of Eduard Shevardnadze, *the Georgian Communist Party* leader, who is now Foreign Minister. I was told again and again in Moscow last week that Shevardnadze had come unannounced to one of the games of the present match and had shaken hands with Kasparov—but not with the champion.

There are many worried faces among the ancient regime in Soviet chess, and that includes a host of leading grandmasters. Eleven of them are helping Karpov now; in return he can guarantee them that great object of desire — the chance to play in a Western tournament.

A $1,000 prize in such a tournament will be exchanged by the USSR central bank for 3,000 rouble certificates that can be used to buy scarce luxury goods *at the "Beriozhka" shops which other*wise are open only to foreign tourists with hard currency. In these brightly lit stores it is warm, and there are no queues.

The lucky chess master can also sell each of his rouble certificates privately for about 2.5 ordinary roubles. According to Lev Alburt, a former Soviet grandmaster now living in the U.S., a $1,000 Western chess prize is worth about 7,500 roubles — *or three to four* years' wages for the average Soviet worker.

So, Karpov's massive support from other Soviet grandmasters is not surprising. By contrast, Kasparov has assembled a four-man team of whom only one, Joseph Dorfman, is a grandmaster (and he is believed to have great problems in getting the USSR chess federation to allow him to accept offers to play *in the west*). *If Kasparov wins the title*, he will become the new czar of the Soviet chess firmament. His small, but loyal, band of followers will be well rewarded; but the serried ranks of Karpov backers need only to look at Gorbachev's recent wave of dismissals and promotions to see what happens when there is a new man at the top.

The annual elections to the top posts of the USSR federation, which rules the country's 5m registered players, should have taken place this week. But they have been postponed until the end of the present title match. No one wants to cast a vote until they know who comes out on top in the war at the Chaikovsky Hall.

*Even if Karpov wins now, his politi*cally "clean" image has started to fray at the edges; and the cause is not just widespread public disquiet over the way in which he was salvaged in the first match. For Karpov, holder of the Order of Lenin and chairman of the USSR's World Peace Fund, has become enmeshed in a scandal that is only just starting to break in the Soviet capital.

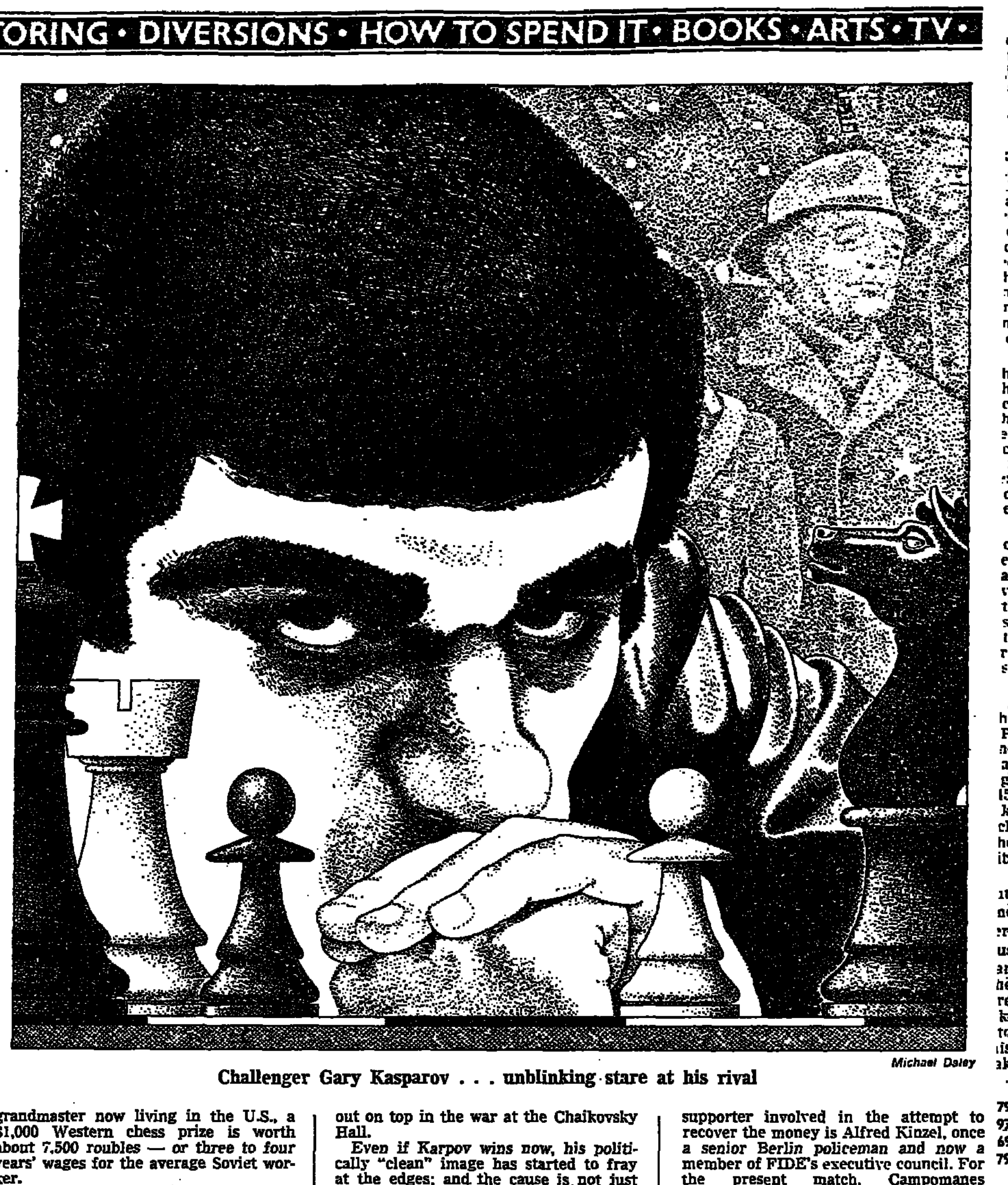
A week ago, Der Spiegel alleged that German *lawyers* were searching for almost $450,000 which Karpov was said to have earned in the period from 1978 to 1981 by endorsing chess computers, but never received. The deal involved a payment of $2.50 for every chess computer sold by the Hong Kong company Novag, controlled by Peter Auge, a German. The money allegedly was lodged in bank accounts in the West. What then became of it might emerge during the course of *legal* action pending in Germany.

In 1983, Campomanes himself is said to have written to Auge demanding evidence of payment. Another Karpov supporter involved in the attempt to recover the money is Alfred Kinzel, once a *senior Berlin policeman* and *now* a member of FIDE's executive council. For the present match, Campomanes appointed Kinzel as joint chief of the jury, a three-man team commissioned to arbitrate in the event of a dispute between the players. Kasparov, well aware of the Kinzel/Karpov connection, was livid at the German's appointment: the challenger supposedly has a right under FIDE rules to veto any jury appointment.

*In Moscow last week. Soviet grand*masters were describing the Novag affair as a "scandal" and one raised the question of whether Karpov might suffer a heavy tax liability in the West. How the Soviet authorities treat Karpov if they decide there has been a breach of their currency regulations will in large part depend on whether he still is champion at the end of the present struggle in Moscow.

The match itself is the object of a financial heist. After the aborted first contest. Campomanes declared that the rematch would be open to auction, with

Continued on Page XVI



Challenger Gary Kasparov . . . unblinking stare at his rival

Michael Daley

The Long View

The appalling young men ride again

The Chancellor and the Governor seem to have forgotten the banking and stock market crises of the mid-1970s. Anthony Harris would like to hear more talk about crisis

IT IS now more than 50 years since John Maynard Keynes gave his famous warning of the *dangers of* allowing the real economy to be left to drift on the whirlpool of speculation—a vivid description of the Great Crash of 1929. It is a *little more* than a decade since the late lamented Patrick Hutber contemplated the Barber boom and spoke gloomily of the prospects of an economy dominated by "appalling young men pushing about pieces of paper." The prospects were for the secondary banking crisis, stock market crash and inflation of the mid-1970s.

These were fairly searing experiences; yet it looks as if we are travelling the same road again. The night before last the Chancellor and the Governor, the twin guardians of our financial stability, gave their annual report to the City.

We got an encouraging picture of financial innovation, with the supervisors panting along on its trail like increasingly exhausted bloodhounds. However, they will be more numerous bloodhounds, as the Governor assured us, and with a still more *highly trained* sense of smell. Well, he was bound to say that.

What was so glaringly absent from any of this was any sense of systemic risk, rather than risk from individual dishonesty or incompetence—what Gordon Pepper of Greenwells calls macro-prudential control. All that was *missing* was an illuminated sign outside the Mansion House reading, "Welcome to the London Casino."

Now the structural changes which the Chancellor did talk about are very exciting to those involved, and *customers* may welcome the chance to fix up a mortgage, speculate on the USM and arrange to pay the gas bill without having to rise from their chairs, even while they regret that they are now dealing with a salesman rather than a dedicated specialist agent. Equally, we appreciate *the convenience and efficiency* of the supermarket while regretting (if we are old enough) the specialist advice of a good cheesemonger.

However, these changes in the way we trade are essentially trivial—as trivial as the fact that the appalling young men now have screens rather than pieces of paper—compared *with the much older, interna*tional revolution which has led to the credit explosion and the threat of credit inflation. This is the international spread of floating interest rates. This is what *I would* expect a serious Governor and Chancellor to discuss.

That paragraph calls for a good deal of explanation, and space is short, so readers must forgive a certain bold sketchiness in what follows. Luckily the fact are familiar, even if the implications are not.

A long time ago in this country, but quite recently in some others, notably the U.S., a loan agreement was a simple affair: the lender would advance a known sum of money for a known period for a known rate of interest. If the lender was a bank, borrowing *short term* deposits to finance this loan, he was at risk; if rates rose after he made the loan, he might lose money on it. *This meant that* bankers were very sensitive to government policy on money and credit. Any fear of imminent tightening would immediately drive up loan rates and reduce the funds on offer.

That is *how monetary control* worked in the U.S. for decades —which is why Professor Milton Friedman was able to prove that, in that country, it did work. In this country, with its overdraft system and variable-rate mortgages, banks and other intermediaries were long immune from this risk, so for many years we relied on administrative controls rather than interest rates to control credit—which is why Professor *Friedman could never demon*strate that monetarism was a fact of life in Britain.

In short, you can control credit through the price-mechanism in a fixed-contract system, because intermediaries *are at risk; or you can use* direct controls in a floating-rate system, where thy have a guaranteed profit on lending. But if you abolish the controls in a floating system, as we unwisely did in 1971, or allow the banks to abolish their risks, as *American banks have done* by moving to floating rates, the system becomes much harder to control, as the history of the last decade or so demonstrates.

It also becomes riskier in the long run, as we are now learning—or as I would have hoped we were learning until the night before last. The reason is simple: when the banks are *immune to changing interest* rates, the only way to check credit and money growth is to jack them up so high as to discourage borrowers in the outside world. However, the rates which will choke off new borrowers may well make existing borrowers bankrupt.

This means that banks face a long-term risk on their loan-*book rather than a short-term* risk on their cash flow. This is bad news in two ways. First, bankers (and especially dynamic young men with screens) usually only learn to assess long-term risk of this kind after *the* event: too late. Second, the risk is infectious because bankruptcies and distress sales undermine the collateral of other seemingly sound loans—property values, oil fields or what have you. This is already stale news to American lenders to farms, energy concerns or West Coast real estate. Here it seems to be the *forgotten* lesson of the 1974 crisis.

It is when the Governor and the Chancellor appear to have *forgotten such recent history* that I get really worried. To be sure, they may be worried under the surface, but feel (wrongly, in my view) that the Mansion House is the wrong place to raise such distasteful *topics. I hope you will not take* me for a financial eccentric, a bearded leader of a Campaign for Real Money, if I say that I would be reassured by more talk about risk and a less complacent welcome for the appalling young men.

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·MARKETS·

Mercury faces hot time if BT starts price war

THURSDAY evening saw the All Share visiting uncharted waters with a 0.7 per cent advance during the course of the day taking the index up to 650.21. Until then the further north the market had travelled was 646.82 in early September. There was some disappointing news, however, from one of the [illegible] navigators on board later that evening at a dinner for the ship's pursers—a motley collection at the Mansion House wardroom—that the interest rate tide was not dropping as fast as the ship's company had assumed.

Yesterday morning the market had drifted back a few points but the news was not quite as bad as it may have first seemed. Interest rates may not be dropping as fast as hoped but they should come back sooner or later. So despite the earlier setback, prices started to move forward again though there may not be much more left in this market before it peaks out. The fact that a couple of institutions are playing the options market suggests that some big investors are looking for a rise but a rise with a fairly short life.

The ruling from the Office of Telecommunications on Monday over the future of the UK telephone system left the shares of Cable & Wireless and British Telecom heading in opposite directions. Mercury Communications, part of Cable & Wireless, has been granted interconnection rights with BT's network and at a discount to BT's normal prices. This means that Mercury should be able to capture a useful chunk of BT's highly profitable trunk and international business. Up went the price of Cable & Wireless and down came BT.

Small shareholders should pause before jumping on this particular bandwagon. The margins on the business that Mercury is now threatening are somewhat between 30 and 50 per cent and so not surprisingly some analysts were predicting profits of £160m on revenues of £300m by 1990 for Mercury. But rather than let Mercury slip in with a price structure slightly below its own and watch the profits disappear out of the window, BT may well make life hard for Mercury by cutting its own charges.

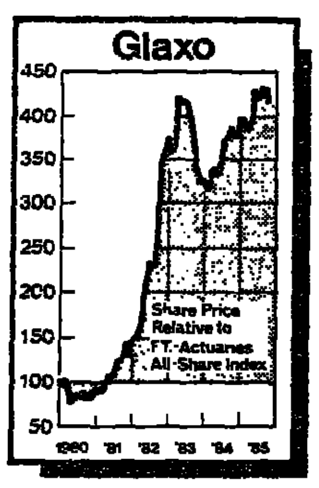
BT's profits would, of course, come under pressure but it at least has a partial remedy to hand. Charges on the now unprofitable local calls could be raised, as could rental rates. Politically the move might be difficult but sufficient movement could be made within, say, two to three years to rebalance the group for the loss of profits on trunk and international calls. Mercury, on the other hand, would be left operating on much lower margins than the City is now forecasting.

In the meantime, Cable & Wireless might just take the opportunity to jump in with a hefty rights issue when the Government sells its remaining stake in the same fashion as British Aerospace. If expectations for Mercury are overheated and a lot of equity is heading towards the market, the Cable & Wireless price could prove vulnerable.

London

Whatever Zantac does for ulcer sufferers around the world it has undoubtedly worked wonders for Glaxo's share price over the last few years. Yet the price started to look a shade off-colour ahead of this week's full year figures and when profits of over £400m were announced, a rise of 57 per cent, the shares sagged against the general trend of the market.

The reaction was overdone and the price recovered its footing in the following days though the initial move served to underscore two important points. Some analysts' forecasts are still too high for groups with significant overseas earnings and, perhaps more importantly, the City is getting a little edgy about Glaxo's future.



The discovery of Zantac has transformed Glaxo from a relatively modest group based on allergy drugs to one of the top names in the industry. The analysts can only guess at the profits being made from the product, which is convincingly ousting its rival, Tagamet, in markets throughout the world, but Glaxo does give them a sales figure to play with—and that showed a 72 per cent jump to £430m last year.

Yet the growth rate is inevitably slowing down. Even if Glaxo had a new wonder drug up its sleeve ready to launch on an unsuspecting market next week, the sheer size of the group means that it cannot hope to recapture the growth of recent years in percentage terms.

Earnings are more likely to increase by around 20 per cent with pre-tax profits of perhaps £500m this year and £600m next. That takes a historic earnings multiple in the high 'teens and drops it down to around 12 for 1986-87. The premium to the market can be justified by a growth rate that should still outpace the corporate sector as a whole but it does not leave much headroom for the shares to repeat the relative performance of recent history in the next couple of years.

While Glaxo has outperformed the market, with good justification, British Home Stores, which also reported this week, has just about managed to keep level pegging with the All-Share.

The question for investors is whether BHS has, at long last, established a winning formula after the disappointments of the past. Getting the right store design with the right product has never been more important in the High Street than it is today and while there is little doubt that the group has managed the cost end of its business well, sales have failed to live up to expectations.

Yet there has been a great effort to improve the stores' environment and the value and quality of the products. This year's store development programme involves 23 outlets and by Christmas 48 out of 128 will have had the once-over to produce the new look BHS.

The half year figures to mid-September, however, were less than inspiring. Sales growth amounted to just 7.4 per cent and after allowing 4 per cent for inflation and a further 3 per cent for new floorspace there is not much left for extra volume.

So perhaps investors should concentrate on the profits line. For the six months pre-tax profits rose by 17 per cent to £17.5m though an extra £1m of property profits taken above the line polishes the reported number.

The coming months will be crucial. If BHS can achieve a good sales performance the City might be convinced that the refurbishment programme has worked. Assuming profits of £70m this year, which is the popular guess against last year's £61m, the prospective p/e is around 15. That is a small discount to the sector average which is standing at a fairly demanding 16 to 17 prospective.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	1,050.9	+23.4	1,050.9	911.0	Record-breaking run continues
Aerospace Engineering	51	+7	53	29	New chairman appointed
Alexandra Workwear	197	+26	197	125	Better-than-expected results
Apricot Computers	60	−18	280	58	Reports of declining market share
Bairstow Eves	119	+17	119	70	Takeover speculation
Billam (J.)	73	+13	103	60	Sharp interim profits recovery
Blue Bird Confectionery	63	−9	83	63	Poor annual results
Britannia Arrow	131	+24	137	87	Talk of imminent Guinness Peat bid
British and Commonwealth	326	+36	326	224	Mr John Gunn to join board
British Telecom	182†	−9	207	143½	Competitn. fears/proposed redundancies
Brook Street Bureau	162	+13	170	80	Fresh bid approach
General Accident	658	+45	658	508	Brokers' favourable review
Kenning Motor	138	+10	152	96	Big share stake changes hands
Lucas Industries	443	+40	443	246	Rumours of 600p consortium bid
Manchester Ship Canal	473	+63	480	202	Speculative buying
Mowlem (John)	316	+38	320	198	Good figures/subsid. to be floated in US
Office and Elect. Machines	220	+10	250	150	Hillsdown acquires 10 per cent stake
Owen Owen	490xd	+35	490	178	Burton counter-bid hopes
Ratners (Jewellers)	119	+13	120	46	Persistent speculative demand

† Partly paid.

Turning pollution to profit

THIS WEEK'S news that the Wrexham Lager Company is building a plant that takes the poisonous waste produced in the brewing process, and turns it into a source of energy, might be of little moment to Allied-Lyons, Wrexham's parent.

It is, however, of the most pressing importance to shareholders in Biomechanics, as it could mark the turning point in what has hitherto been a uniformly sobering investment experience.

Biomechanics came to the USM in the summer of 1983 as a start-up venture. Since then, it has done everything to justify investors' aversion to USM greenfields.

Priced at 50p, the shares opened on the first dealing day at a 100 per cent premium and soon climbed to 130p. At that time the market's latest craze was biotechnology; and Biomechanics, with its fully-researched plant for pollution control that converts natural pollutants into fuel, was judged irresistible. However two years later, the shares seemed stuck hopelessly at about 12p.

The idea that Biomechanics was selling was simple, sensible and appealing, and was about three years ahead of the competition. The company had completed an "anaerobic process" for the disposal of natural wastes, greatly superior to the usual aerobic process. By transforming waste into fuel the process pays for its own running costs; and in countries (like the UK) where factories pushing out pollution must compensate the water authorities, the savings from the system can be large enough for it to pay for itself within a year.

Nobody pretended this was a risk-free investment. Indeed, the first words in the prospectus, printed in block capitals, were: "Potential investors should be aware that this investment involves a number of risk factors." Three were outlined: the company might find itself unable to cope with the speed of its own growth; its technological lead might be eclipsed by competitors; and overseas authorities might change their stance towards pollution.

In the event, none of these risks explained a complete lack of progress that has left both shareholders and the company itself disillusioned and frustrated. Indeed, it is only now that matters have advanced far enough to make any of the stated risks applicable.

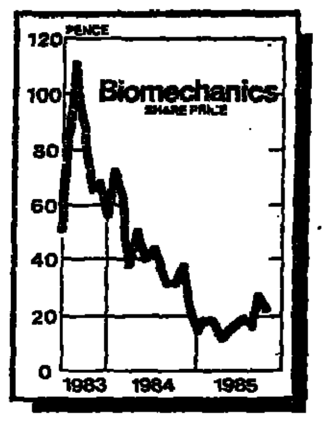
USM

UNLISTED SECURITIES MARKET

Quite simply, Biomechanics had failed to get orders to build its marvellous anaerobic plant. So far, only one major contract has been successfully completed—for Hercules, in France.

Ian Weston Smith, the chairman, admits that the company underestimated the time it takes to sign a contract and says that it was too ambitious in opening an office in Miami (now closed) before an "impeccable base" had been established in the U.K. The company's founder, Max Rippon, also bemoans the fact that there are almost no engineers on the boards of UK companies.

On Thursday this week, the first concrete signs of success emerged after more than two years of waiting. Not only has Allied-Lyons agreed to build the plant, but Biomechanics has received letters of intent from Hercules and Jefferson Smurfit for major plants in the UK. It is also in "advanced negotiations" with a further half-dozen UK companies.



However, one disquieting feature of the Allied-Lyons deal is that Biomechanics is having to pay for the plant itself, although Rippon denies this was a last-ditch move to get the contracts signed. Under the terms of the deal, Biomechanics claims the bulk of the savings springing from the plant, which may amount to £250,000 a year. And since the plant will cost £550,000 to build, Rippon expects to find the financing arrangement highly advantageous.

Indeed, Rippon says he is quite willing to enter into similar arrangements in the future. However, judging by the generous terms that Biomechanics had to grant on the convertible loan stock used to fund the Allied-Lyons plant, further funds from the same source are unlikely to be available.

Even if this is the turning point for Biomechanics, profits cannot be expected until next year at the earliest.

Lucy Kellaway

Diversified B&C set to shine again

BRITISH & COMMONWEALTH'S transformation from shipping company to part industrial holding company and part investment trust has produced some sparkling profits in recent years, and the pattern is likely to be repeated in its results for the half-year to June, due out on Thursday.

The wisdom of B & C's diversification will be emphasised by the fact that practically all of the improvement will have come from its two main associates, OCL and Exco. Both performed very strongly in their first halves: B & C can expect to receive £7m from its 20 per cent stake in OCL, which made an estimated £35m, and a further £10.7m from its 22 per cent stake in Exco, which made £49m. Altogether the associates' contribution is likely to have grown from £15.7m to £23m.

The other activities will look dull by comparison. Aviation support services will probably have advanced by about £1m but Bristow Helicopters could have seen a slight decline in the face of tough competition and the remaining wholly-owned shipping activities have probably lost £1m. Altogether a decline from £14.6m to £12m is expected for the group's own operating interests, producing an overall total (excluding asset disposals) of £35m against £28.7m last time.

From HARRIS QUEENSWAY, the furnishing retail chain, the City is expecting modest growth in this half, with pre-tax profits forecast as reaching £13½m against the £12.03m in the comparable period of 1984. The figures are due out on Tuesday.

News on both the performance and future of the joint-ventures in furniture and electrical goods with Debenhams will be looked for keenly. In the second half last year a good group result was offset by the first time contribution from those ventures.

Developments on extending Harris's control over the arrangement with Debenhams to 100 per cent could be announced along with the figures. There could also be important news on the future of the tie up with Lombard Tricity for customer credit finance—the existing agreement runs out next year.

Results due next week

Given the level of capital spending, both interest charges and net debt are expected to have risen from the, respectively, £0.3m at the halfway in 1984 and £12m at the year end.

Lower sales and margins are expected to trim ICI's third quarter profits to some £200m—almost £50m down on that in the same period in 1984 and an increase in the interim dividend on Wednesday. Both are £70m below that of the second quarter.

Chemical sales appear to have fallen as a result of lower volume and the impact of adverse currency movements. Trading margins are expected to drop, perhaps to around 7 per cent, due to competitive pressures from Germany that strengthened on currencies and only began to abate in September.

While the third quarter is traditionally a slower period, last year there was a backlog of orders that made it stronger than usual, this year's has been markedly weak.

Currency translation losses on exports, higher pharmaceutical marketing and research costs, the impact of poor weather on fertilisers and agrochemicals, rising PVC losses, and depressed oil earnings will have all contributed to the lower outturn.

Trading conditions have not been particularly favourable for the discount houses during the first half, and neither GERRARD & NATIONAL nor CLIVE are expected to declare likely to comment on the poor margins in the bill market and on the short lived rally in gilt-edged.

The excitement will surround Clive's decision on whether to declare the special interim dividend signalled at the time of its link up with Bache. The City is hoping for a special dividend of at least ½p.

Among the other companies reporting results next week are Highland Distilleries, with preliminaries due on Monday, London and Northern Group with interims on Wednesday and McKechnie Brothers with full year figures also on Wednesday.

Lucy Kellaway
Terry Povey
Richard Tomkins

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Arbuthnot Government Securities Trust	Thursday	2.75	2.75	2.75
Arbuthnot Japan Growth Fund	Thursday	—	—	0.25
Baldwin H. J.	Tuesday	—	—	—
British Assets Trust	Friday	1.7	1.75	1.75
Fitzwilton	Friday	1.0	1.0	1.0
Goodman Brothers	Thursday	—	—	—
Highland Distillers	Monday	0.5215	1.2885	0.56
High-Point Services Group	Monday	—	1.5	1.5
Hunting Petroleum Services	Friday	2.25	5.75	2.5
Manganese Bronze	Thursday	—	2.5	—
Markheath Securities	Monday	4.55	5.2	—
McKechnie Brothers	Wednesday	2.0	5.2765	2.5
Polymark International	Friday	—	—	—
Precious Metals Trust	Tuesday	—	0.55	—
Prestwich Holdings	Wednesday	—	0.35	—
Walker and Homer	Thursday	—	0.5	0.2
Wolseley-Hughes	Tuesday	2.675	6.075	3.0
INTERIM DIVIDENDS				
Abbey Life Group	Monday	—	—	
Ambrose Investment Trust	Wednesday	3.0	5.82	
Anchor Chemical Group	Thursday	1.25	3.0	
Barlows	Monday	—	7.5	
Bestwood	Monday	—	6.0	
Brent Walker	Friday	—	—	
British and American Film Holdings	Tuesday	1.5125	3.2125	
British and Commonwealth Shipping	Thursday	1.8	2.2	
Bromsgrove Industries	Wednesday	0.3	0.7	
Channel Tunnel Investments	Friday	—	—	
Chrysalis	Thursday	—	—	
Clayton, Son and Company	Friday	—	6.0	
Clive Discount Holdings	Tuesday	1.4	1.1	
Dwek	Friday	—	—	
English National Investment Company	Tuesday	3.1	4.6	
Eram	Wednesday	0.9	2.1	
First Charlotte Assets Trust	Wednesday	—	6.05	
French Connection	Wednesday	1.75	3.5	
Gerrard and National	Wednesday	3.0	10.2	
Harris Queensway	Tuesday	1.75	2.75	
Hill, Philip Investment Trust	Thursday	3.0	6.65	
Hopkinsons Holdings	Friday	1.2	4.15	
IBL	Monday	—	—	
Joseph, Leopold Sterling Fund	Thursday	—	—	
Lee Cooper	Tuesday	1.4	2.275	
Lilley, F. J. C.	Wednesday	1.2	2.44	
London and Northern Group	Wednesday	1.35	3.05	
Marlborough Property Holdings	Wednesday	0.2	0.35	
More O'Ferrall	Monday	1.0	2.4	
Photax (London)	Friday	—	—	
Prince of Wales Hotels	Friday	0.5	1.0	
Runciman, Walter	Tuesday	2.5	2.5	
Rug Estates Holdings	Wednesday	4.0	12.0	
Scottish Mortgage and Trust	Tuesday	2.2	4.2	
Securities Trust of Scotland	Wednesday	1.3	2.[illegible]	
Silentnight Holdings	Tuesday	1.0	1.75	
Third Mile Investment	Monday	0.7	1.2	
Toshiba	Friday†	4.0	4.0	
Upton, E.	Friday	—	—	
Western Brothers	Monday	—	1.0	
Assam-Dooars Holdings	Wednesday	—	9.0	
Benlox Holdings	Tuesday	0.5	0.5	
Boot, Henry	Friday	3.0	1.5	
Grand Central Investment	Friday	—	—	
Imperial Chemical Industries	Thursday	—	—	
Norscot Hotels	Thursday	—	—	
SI Group	Thursday	0.436	—	
Western Dooars Tea Holdings	Wednesday	—	6.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Yen per share.

intervening scrip issue. † Yen per share. § Third-quarter figure.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.75	3.83	4.58	3.33	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.63	4.86	quarterly	1	2,500 minimum	0
3-month term	7.81	8.04	6.32	4.59	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.67	8.86	6.96	5.06	half yearly	1	2,500 minimum	0
Schroder Wagg	8.33	8.65	6.80	4.94	monthly	1	2,500 minimum	0
Provincial Trust	8.69	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	10.48	7.69	6.32	4.95	half yearly	4	—	0
10% Treasury 1990	10.78	7.61	6.04	4.49	half yearly	4	—	0
10.25% Exchequer 1995	10.89	7.52	5.85	4.21	half yearly	4	—	0
3% Treasury 1987	8.49	7.34	6.76	6.19	half yearly	4	—	0
3% Treasury 1989	8.49	7.47	6.97	6.46	half yearly	4	—	0
Index-linked 1988¶	9.22	8.57	8.24	7.92	half yearly	2/4	—	0

* Lloyd's Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Abbey	88§§	100	90	17.11	French Kier
Arlington Motor	234*	225	167††	10.50	Unigate
Baltic	287½	265	260	32.95	A/S Nevi
Capital TV	61½§ §§	59	50††	6.15	Crown Intl Prods
Cass Group	133½	130	180	7.81	Telephone Rentals
Dufay Bitumastic	53½	56	47	8.79	Kalon Group
Fleet Hldgs	375†	366	345	253.20	Utd Newspapers
Friedlnd Doggart¶	320*	315	215	16.64	MK Electric
Insight Group	156§	152	138	11.72	Hawley Group
Maynards	403	390	335	19.73	Ward White
Noble & Lund¶	30*	53	29	1.71	Galgey Tech Inds
Owen Owen	440§ §§	490	415	42.13	Clayform Props
Phillips Patents	56§	64	54	2.27	Bremner
Security Centres¶	136§	146	100	21.64	Automated Security
Somportex	28½*§	133	27	0.79	Messrs N. Wray & C. Mattock
Spear & Jackson	243	241	168	13.67	Neill (James)
Sparrow (G. W.)	68	81	48	6.72	BET
Stewart Plastics	139	137	112	31.60	Bunzl
Telefusion	49§§	45	34	23.9	Electronic Rents
Towngrade Secs	32½*§	33	37	1.67	Milbank Dev
Walker & Homer	20½	20	16½	2.74	Hillsdown

** All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on October 18 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)			
Acorn Computer	June	22,210	(10,840)	—	(—)	—	(—)
Attwoods	July	5,020	(1,700)	11.1	(6.9)	4.0	(3.5)
Audio Fidelity	Apr.	86	(159)L	3.1	(—)	—	(—)
Bejam Group	June	19,220	(15,670)	8.8	(6.8)	3.75	(3.0)
Billam, J.	June	130	(69)L	1.4			(1.4)
Blue Bird	June	93L	(229)	—	(4.0)	5.21	(4.96)
BM Group	June§	1,400	(599)	—	(—)	1.65	(1.11)
Boulton, W.	June	1,180L	(1,330)L	—	(—)	—	(—)
Bristol Stadium	Dec	86	(144)	—	(—)	1.2	(1.0)
Brown, Charlie	July	608	(—)	8.1	(—)	1.0	(—)
Bryant Hldgs	May	11,680	(11,300)	8.2	(9.2)	3.3	(3.0)
Cradley Print	June	1,050	(520)	6.8	(3.2)	1.5	(1.19)
Eleco Hldgs	June	2,200	(1,760)	9.9	(9.3)	3.7	(3.5)
Fisher, Albert	Aug	3,760	(1,090)	8.0	(3.73)	1.5	(1.0)
Glaxo Hldgs	June	402900	(256,000)	75.5	(45.8)	20.0	(13.0)
Highland Elec.	April	1,060	(653)	7.8	(5.4)	2.5	(1.8)
Ind Pre Cast	April	335	(274)	3.8	(3.7)	1.44	(—)
Lyles, S.	June	390	(424)	5.2	(6.9)	5.5	(5.5)
Medminster	June	465	(492)	15.1	(19.5)	5.35	(4.85)
Nolton	July	741	(404)¶	10.3	(6.9)	1.17	(1.38)¶
Paterson Zoch	May	38,600	(30,950)	11.†	(12.5)	5.9	(5.15)
Peachey Prop	June	10,300	8,320)	21.7	(15.5)	8.0	(7.0)
Pict Pet	June‡	621	(823)L	7.3	(—)	—	(—)
Pochin	May	843	(505)	52.3	(44.1)	12.9	(11.89)
Ramus Hldgs	July	619	(687)	6.6	(14.2)	5.25	(5.25)
Synapse Comp	July	511	(107)	2.0	(8.3)	0.75	(—)
TSW TV Sth Wst	July	1,430	(1,720)	4.0	(4.0)	1.7	(1.5)
V. V. Thermax	June	20L	(2,010)	0.2	(13.1)	1.0	(6.25)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share except where otherwise indicated. † Figures for nine months. ‡ Figures for eight months. ¶ Figures for 15 months to July. § Figures for 15 months to June. L Loss.

INTERIM STATEMENTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)	Dividends* per share (p)
Aberdeen Steak	June	252	(120)	—	(—)
Air Call	June	238	(653)	1.85	(1.85)
Alex Workwear	Aug	1,510	(955)	2.25	(—)
Asda Prop Hldgs	June	434	(612)†	—	(—)
Ash & Lacy	June	1,190	(1,560)	10.0	(8.0)
Barham Group	June	713	(182)	1.0	(—)
Bioechanics	June	160L	(187)L	—	(—)
Brewmaker	July	175	(226)	0.3	(0.3)
BHS	Sept	17,530	(15,000)	2.0	(1.75)
Duport	July	2,120	(1,310)	0.8	(0.33)
Farnell Elect	July	9,470	(8,750)	1.0	(0.8)
Fogarty	June	810	(124)L	1.6	(1.6)
Gates, Frank G.	June	530	(606)	—	(—)
Harrison & Cros	June	30,100	(39,200)	4.5	(4.5)
Hawker Siddeley	June	71,500	(65,100)	4.5	(4.1)
Helene of London	June	624	(382)	0.5	(0.37)
House of Lerose	June	312	(225)	3.0	(3.0)
House Prp Co. Ln	June	4L	(24)	3.0	(3.0)
Jenners	July	512	(247)	—	(—)
Lawrence, W.	June	805	(875)	—	(—)
Marshall's Uni	June	821	(1,120)	1.0	(0.25)
Microlease	Aug	400	(503)	1.0	(1.0)
Midland Marts	Aug	19L	(285)	1.25	(1.25)
Mowlem, John	June	4,000	(3,400)	4.0	(3.2)
Municipal Prop	June	190	(153)	—	(—)
PSM Intl	June	1,260	(1,110)	2.2	(—)
Rockware Group	June	528	(104)	—	(—)
Senior Engg	June	2,350	(1,030)	0.83	(0.75)
Slingsby	June	149	(125)	1.2	(1.0)
Sov Oil & Gas	June	8,590	(7,660)	—	(—)
Spirax-Sarco	June	6,500	(5,820)	1.5	(1.33)
Steel Bros.	June	5,440	(5,510)	4.0	(4.0)
Time Products	July	658	(75)	0.5	(0.25)
TMK	June	2,410	(2,370)	—	(—)
Tyne Tees TV	June†	1,340	(2,360)	3.0	(3.0)
UEI	July	5,710	(4,610)	2.0	(2.0)
Utd Cer Dist	June	116	(98)	1.0	(1.0)
Utd Parcels	July	3,250	(3,530)	0.9	(0.8)
Walker, C. W.	Aug	92	(15)L	—	(—)
West Brom Sprng	June	26L	(5)	—	(—)
Western Motor	June	205	(53)L	—	(—)

RIGHTS ISSUES

Biomechanics International—To raise £0.64m through a rights issue of 8 per cent loan stock on the basis of £1 nominal for every 13 shares held.

Fisher, Albert—To raise £13.9m through a one-for-three rights issue at 106p.

Garfunkels—To raise £3.4m through a one for eight rights issue at 100p.

SCRIP ISSUES

Glaxo Holdings—One for one.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Continental Assets Trust—Offer for sale of 12m shares at 75p, with warrant, 100p per share.

Davidson Pearce—Offer for sale of 4.2m shares at 160p.

Shandwick—USM placing of 1.2m shares at 175p.

Money behind the madness

IT WAS a fairly ho-hum week for the Tokyo stock market. On Tuesday, the Nikkei Average hit a record high; on Wednesday, Fujitsu's share price remained solid despite news that it might have to pay big money to IBM for alleged copyright infringement; yesterday, drug stocks went wild on news that cancer, once again, had been cured.

"The market is not in a mood to take any notice of what's happening in the real world," grumbled a British stockbroker in Tokyo this week. But, as always, there are reasons for Tokyo's madness.

The biggest one is money, and lots of it. Japan's huge capital outflows—that is, the money seeking higher interest rates abroad—slowed markedly in September, following cautions by the Ministry of Finance about potential exchange rate risks. Some say that September's foreign investment total dropped to between

Tokyo

$2bn and $3bn, from $5bn in August and $6.2bn in July.

The weight of so much money looking for a home tossed every trend up to the sky. The popular penchant for domestic stocks, backed by the big Japanese securities houses, turned into an addiction; and share price lines began to resemble the North Face of the Eiger.

A good example is Nippon Express, a land/transportation company which jumped from Y460 at the end of July to Y710 by October 1, achieving a p/e ratio of 75 times both historic and prospective earnings (as the two are expected to be similar). This week, Nippon Express, despite its wealth of latent real estate assets, dropped back sharply to around Y650.

Not too surprisingly, investors have picked up on the blue chips, extending the now-familiar blue chip blip to a real blue chip bounce. The overheated prices on the domestic stock favourites, plus the extra cash, provided the impetus to drive shares like Fanuc, Toshiba, Hitachi and Cannon up by as much as 10 per cent over the past few weeks. This, in turn, gave the Nikkei Average its new peak of 13,055.52 on Tuesday. It also allowed Fujitsu's share price to withstand the IBM copyright allegations.

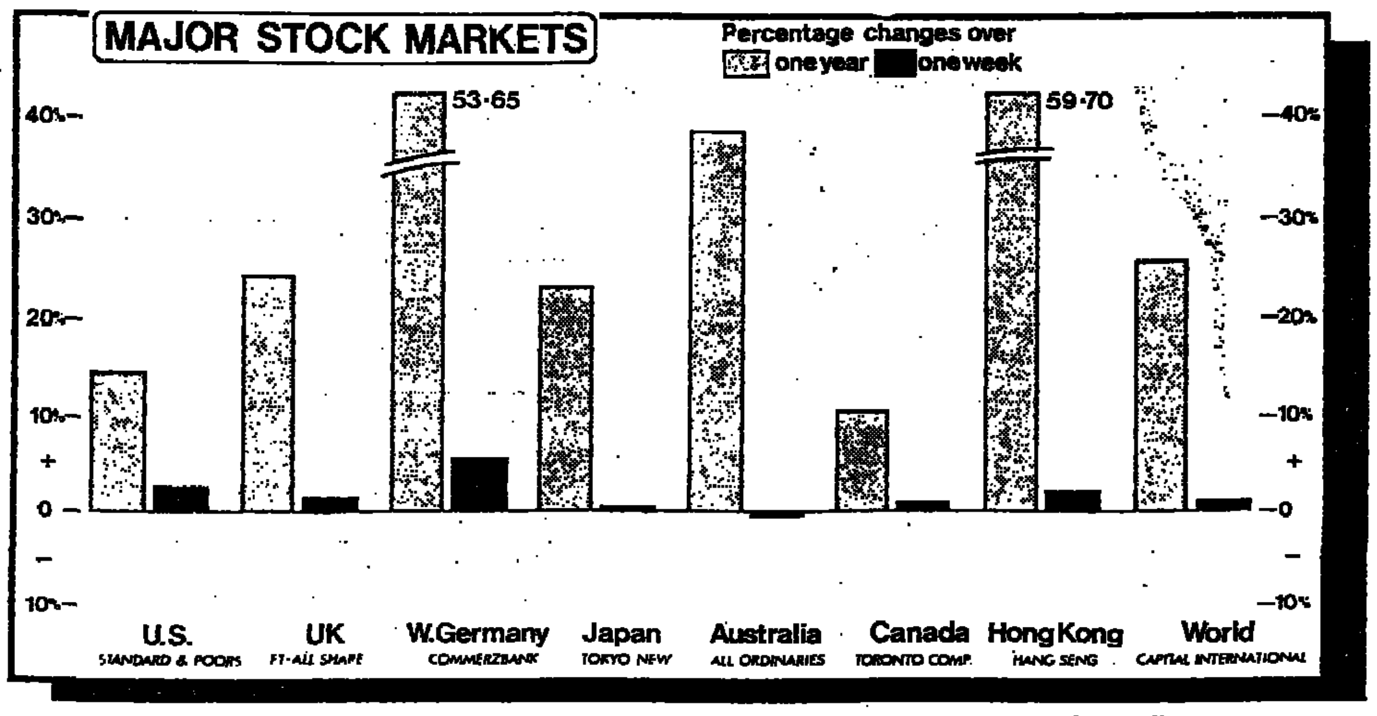
Domestic stocks have enjoyed the sunlight for some months now in Tokyo, due to the widespread expectation that domestic spending in Japan has to go up in order to help correct the country's huge trade imbalance with the West. However, Prime Minister Yasuhiro Nakasone's domestic *spending package, released* on Tuesday, provided nothing new for the market as it did not contain any tax cuts. The bulk of the spending plans announced had already been built into most domestic share prices before Nakasone ever got up to speak.

With the domestic stocks climbing to new peaks much too quickly and becoming unbuyable, those who couldn't face the dull old blue chips turned to a dear favourite: pharmaceuticals. Yamanonouchi, one of Japan's largest drug companies, has seen its shares jump from Y2850 at the beginning of the month to around Y3270 at the end of the week. Further, yesterday's new cancer cure story had a smart effect on Banyo and Meiji Seika, a chocolate company, even though no companies were named in the report.

Looking ahead, most analysts believe there are two reasons why there is more play in the domestic stocks. First, Nakasone's domestic spending package was sufficiently lacklustre to evoke U.S. criticism (and perhaps, then, a second package with more meat in it). Second, investors are beginning to be more selective about their purchases of stocks.

Believers in domestic stocks are expecting pie in the sky; but for some parts of the sectors, the sky is higher than others. In construction, for example, actual projects are between three or four years away, if they happen at all. On the other hand, real estate stocks stand to benefit more quickly from such things as the Tokyo Municipal Government's move to a new district within the city, announced earlier this month. The move has been good news for Odakyu, which owns land in the new area of development. Other real estate stocks are also moving up. No doubt the pie is expected to be a tasty one.

Carla Rapoport



Gold price puts gloss on profits

Mining

MONEY, THEY say, doesn't mean everything—but it sure helps. Take the September quarter results issued by the South African gold mines this week. Money they had, in the shape of record prices in rands for their gold, which is sold for U.S. dollars and the proceeds changed into the weak domestic currency.

There is more to it than that, however, as you can see from the often-sharp variations in net profits when compared with those of the previous quarter (as detailed in the table).

For instance, working costs have risen, largely as a result of the wage increases granted to the black mineworkers, although the rises in costs have been well contained for the most part.

Then, too, there have been the usual fluctuations in gold output and also in tax charges. South African mines are allowed to set off their capital spending against tax and so, for quite a few mines, a seasonal lull in spending during the past quarter has resulted in higher tax bills.

Still, the profits would have looked dreary without the high gold price, and nearly all the mines are doing quite nicely. The Anglo American Corporation group's Orange Free State producers have done particularly well in the latest quarter and have also produced a flourish of sharply-increased final dividends.

As a result, Western Holdings' total dividend for the year to September 30 has increased to 905 cents (233p) from 565 cents, putting the shares on a dividend yield of 14 per cent. Free State Geduld's latest dividend total comes out at 695 cents against 365 cents, for a yield basis of about 13 per cent.

Of course, much of the shine goes off these dividends when they are converted into higher-value sterling.

GOLD MINE PROFITS

	September quarter R000s	June quarter R000s	March quarter R000s	quarter quarter R000s
Beatrix	6,727	¶3,980	4,030	—
Blyvooruitzicht	15,077	13,884	11,927	16,659
Bracken	4,270	4,215	3,313	3,057
Buffelsfontein	32,169	§45,950	§23,685	69,961
Deelkraal	13,911	12,802	15,552	13,039
Doornfontein	18,264	18,299	15,497	17,125
Driefontein	102,549	122,207	111,154	*109,726
Durban	†6,471	‡1,349	‡1,617	†1,219
Ergo	24,521	15,510	27,718	19,800
ERPM	‡4,457	‡3,869	‡1,388	‡4,190
East Transvaal	4,929	6,656	3,909	*5,906
Elandsrand	42,649	23,918	27,595	28,144
FS Gdeuld	47,979	23,918	27,595	28,144
Grootvlei	6,940	5,186	7,280	7,841
Harmony	46,608	54,455	36,497	33,781
Hartebeest	32,906	36,519	31,280	*27,988
Kinross	21,067	18,009	16,494	17,431
Kloof	58,090	57,813	57,579	*56,786
Leslie	4,075	4,156	4,217	5,131
Libanon	12,724	13,737	12,616	*12,030
Loraine	12,980	12,749	12,734	11,763
Marievale	587	807	1,006	1,047
President Brand	74,880	46,209	58,698	44,808
President Steyn	34,167	31,117	34,379	29,950
Randfontein	64,758	77,100	57,942	*74,475
St Helena	23,768	17,422	15,700	21,861
South African Land	1,081	944	1,329	2,477
Stilfontein	7,702	17,053	9,072	24,541
Unisel	13,950	12,140	10,665	11,130
Vaal Reefs	111,886	111,939	114,265	*130,692
Venterspost	2,523	3,427	5,799	4,774
Village Main	612	*585	327	269
Vlakfontein	764	643	785	940
West Rand Consolidtd	944	2,592	2,345	2,475
Western Areas	12,856	4,986	5,656	*18,475
Western Deep	95,013	*92,954	67,372	*110,376
Western Holdings	81,662	48,506	47,444	46,892
Winkelhaak	18,490	17,249	13,978	16,687

*Re-stated. †State aid overclaimed. ‡After receipt of State aid. §Accounting charge. ¶Loss.

The South African gold mines which produce uranium as a by-product have been seeing this extra source of revenue dwindle in line with the world over-supply of the radioactive material. At last, however, the market is beginning to improve, according to Energy Resources of Australia (ERA) which runs the Ranger mine in the Northern Territory.

ERA, in which Peko-Wallsend and EZ Industries each has a stake of 30.5 per cent, is thus preparing a major expansion plan for Ranger. The news might have had a wry reception from Tony Grey of Pancontinental Mining, whose big Jabiluka uranium deposit in the Northern Territory is still gathering dust.

The major news on the base metal front this week has been that London's Rio Tinto-Zinc and Japan's Mitsubishi are joining the Australian Broken Hill Proprietary in a A$1.6bn (£790m) joint venture to mine the La Escondida copper deposit in Chile, possibly the world's biggest undeveloped ore body of the metal.

You might recall that in August my furry friend, the mole, was convinced RTZ would join the party. And, last Saturday, he forecast confidently that the news was imminent.

"I see, Moley, that RTZ is taking a 30 per cent stake and Mitsubishi is coming in with 10 per cent," I remarked, when the news broke on Thursday.

"S'right," replied the mole, airily, as he pretended to be more absorbed in a book he was reading; better, I thought, not to mention that the book was upside down.

Kenneth Marston

Dow soars to record heights

THE four-week-old rally in U.S. share prices continued apace this week and, by Wednesday, the Dow Jones Industrial Average had scaled its July peak of 1,359.54 and marched into new, high ground.

Ever since it dipped below the 1,300 level a month ago, the Dow has been heading higher; but the real surge in the index did not begin until late last week and picked up speed on Monday. Trading was light, because of the Columbus Day holiday, but the Dow put on nearly 15 points. After going nowhere on Tuesday, the index spurted ahead on Wednesday and, by Thursday evening, was standing at 1,369.29, giving a net gain of more than 40 points over the past fortnight.

The latest rally began the day after last month's high-level meeting in New York of the leading industrialised countries, where plans were hatched to drive down the value of the dollar. To date, the initiative seems to have been a success and the dollar has lost

Wall Street

more than 8 per cent of its value against the Deutsche Mark.

However, most Wall Street analysts believe the timing of the meeting and the equity rally is coincidence. While a lower dollar will be good news for U.S. companies over the long run, it will take some time to feed through into profits. Caterpillar, the world's biggest earthmoving equipment manufacturer, summed up the view of many companies this week when it noted that last month's measures would be "particularly helpful if monetary authorities force interest rates lower and encourage faster growth in the world economy."

So far, the U.S. authorities have shown little inclination to push interest rates down; and while this week's Gross National Product (GNP) figures showed the economy grew by 3.3 per cent in the third quarter, somewhat faster than earlier estimated, the growth rate is far from robust.

Even the Administration now admits that the economy is unlikely to meet its own scaled-down 3 per cent growth target for 1985. To achieve this, the economy would have to grow by close to 7 per cent in the final quarter and most analysts now argue that this does not seem to be on the cards.

Two points need to be made about the recent surge in U.S. equity prices. First, the rally is based very narrowly and has been fuelled by takeover speculation and strong performances by traditional Dow stocks such as *Du Pont, Exxon, U.S. Steel* and Woolworth. However, the advance has been far from uniform, and the shares of companies like General Motors and IBM are a long way short of their 1985 peaks.

The second point is that the third-quarter earnings from the U.S. corporate sector, which have been rolling out over the past few days, have been well received generally by the stock market. "The third quarter is in and it is no worse than expected," says Michael Metz of New York broker Oppenheimer and Company.

The earnings coming out of the financial sector have looked surprisingly good. American Express, which appears to have resumed its traditional growth path, reported a 27 per cent rise in third-quarter earnings to $1.08 per share, and Citicorp posted a 16 per cent increase to $1.60 per share.

The latest quarter follows a strong first half for most of the money centre banks. J. P. Morgan's earnings for the nine months are 44 per cent ahead at $4.17, and Citicorp's earnings are nearly a fifth ahead at $5.45. The one exception is BankAmerica Corporation, which managed to make a profit in the third quarter only by selling its San Francisco headquarters.

Analysts are split on the outlook for BankAmerica. Some say it has turned the corner, wherears others are nervous about the group's heavy loan losses and the inability of the present management to restore the group's profitability. BankAmerica's shares fell by $⅞ to $13¾ after the results. This compares with a 12-month peak of $22¾.

MONDAY	1,354.73	+14.79
TUESDAY	1,350.81	−3.92
WEDNESDAY	1,368.50	+17.69
THURSDAY	1,368.29	+0.79
FRIDAY		

William Hall

IN THE NEWS

ANTICIPATING the radical changes in pensions expected to be introduced by the Government, Scottish Mutual Investments and the Halifax Building Society have joined forces to launch a personal pension plan on October 29.

Mr Douglas Mackinnon, general manager of Scottish Mutual, argues that when the pensions debate is resolved, private individuals are likely to be encouraged to take more responsibility for their financial security in retirement.

Scottish Mutual's research showed that most people saving for retirement still fell back on traditional homes like the building societies despite the tax incentives offered for personal pensions. It is estimated that out of the 27m investors with building society accounts, some 4.2m have personal pension schemes. This is only 35 per cent of those eligible.

To qualify under existing legislation for the tax incentives for personal pension plans you must either be self-employed, work for a company that does not provide a pension, or have one source of earned income that is non-pensionable.

The maximum amount you can invest to qualify for tax relief is 17.5 per cent of net relevant earnings, although this percentage rises in stages to a maximum of 26.5 per cent if you were born before 1934.

Under the Scottish Mutual/Halifax pensions plan, you can choose to make regular contributions of a minimum of £25 a month or make a single investment of at least £1,000 at any time. You can also choose between three funds where you want your money to be invested, depending on your individual needs and attitude to savings. These vary from low risk (Halifax) pension fund where the money is put into the building society, to the higher risk growth and opportunity funds, run by Scottish Mutual which distribute the money to other investment sectors.

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CHESHIRE Building Society says it is now guaranteeing the extra interest on its Champion Bond until the end of 1986. The extra interest, fixed at 2.8 per cent above the ordinary share rate, is 9.8 per cent net, 14 per cent gross equivalent. There is no fixed investment term, but 60 days' notice of withdrawal to avoid an interest penalty. The minimum is £1,000.

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A NEW tax-exempt savings plan has been introduced by the Britannia Building Society, linking up with the HMCS Friendly Society and the MLA General Trust.

The Friendly Society Bond, as the plan is called, is based on the tax-exempt status available to members of registered friendly societies. Half the net contributions from investors will be placed with Britannia and the other half with the MLA General Trust.

It is essentially a long-term investment, since it must run for at least 10 years for any benefits to accrue. At the same time, because of the tax-exempt concession, the maximum amount one person can save is restricted to £8.82 (or £17.64 for a couple).

Britannia says the plan represents a good opportunity to build up a tax-free fund that would provide a modest nest egg for retirement or family needs like education or a daughter's wedding.

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THE RECENT flurry of unit trusts investing in West Germany certainly seems to have attracted considerable support. The GT Germany Fund is reported to have obtained investment of £22m in the initial three-week launch period, making it one of the most successful unit trust launches in recent years.

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N. M. ROTHSCHILD, the London merchant banker, is adding a European Currency Unit (ECU) option to its two Old Court currency funds. Old Court International Reserves is among the oldest and largest of the multi-currency deposit funds, with $358m now invested.

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BIRMINGHAM stockbroker Albert E. Sharp is teaming up with Reed Stenhouse, the insurance brokers, to manage a Business Expansion Scheme fund, the Wellington Fund II. They will take a low risk investment policy, usually avoiding high-tech companies. The managers will charge 5 per cent initially, up to 1 per cent a year and a 15 per cent exit fee.

Mortgages

Banks follow suit at last

ALMOST two months after building societies cut their mortgage rates banks have now brought theirs down. Banks cut base rates as long ago as July.

Bank of Scotland led the way at the end of last month but it was only this week that the four main clearers followed suit. All five banks have reduced their rates to 13 per cent. Although this may appear at first sight to be more expensive than the 12.75 per cent nominal rate which the major building societies charge, banks and building societies are more or less in line on a "true" or annual precentage rate (APR) basis.

The Midland Bank, with an APR of 13.7 per cent, boasts the cheapest rate of those announced this week by the big four while NatWest, with the same APR as the Bank of Scotland of 14.1 per cent, is the most expensive. By comparison the "true" rate of the Nationwide Building Society, which charges a nominal rate of 12.75 per cent, is 13.9 per cent. But the cheapest bank mortgages continue to be those offered by the United Bank of Kuwait. It charges a nominal rate of 12.5 per cent which represents an APR of 13.25 per cent. The bank will only lend to those borrowing £30,000 or more.

The banks have had to cut their mortgage rates because they are still not attracting enough borrowers. Since the building societies were forced to drop their differential rate structure—almost half charge a flat rate—because they were losing the more lucrative top end of the market it has been the banks' turn to lose market share.

Home buyers seeking a mortgage should have little trouble securing a mortgage. The banks, in particular, are awash with funds they want to lend. Barclays, which recently doubled its mortgage allocation to £100m a month, is the latest bank to start advertising its mortgages. As part of their effort to lure borrowers away from building societies banks are also being forced to reduce the higher premiums they were charging on endowment mortgages.

The banks had been charging a premium of 1 per cent compared with the half a percentage point which most building societies were charging. Now Lloyds, the Midland, its Clydesdale subsidiary and NatWest have halved their endowment differentials to half a percentage point.

Bank of Scotland has done the same from a lower base so that its differential is only a quarter of a percentage point. Barclays has so far resisted market pressure and still charges one percentage point more for endowment mortgages. However, foreign banks, such as Canada Permanent Trust, Citibank, Chemical Bank, Bank of Kuwait and First National Bank of Boston together with the finance houses, such as Bank American Finance and Security Pacific, charge no premium.

Such is the competition that a few building societies have also abandoned or reduced them. The Cheltenham & Gloucester, Civil Service, the Hendon and the Leamington Spa no longer charge an endowment premium while the Midshires has cut its premium by one eighth of a percentage point to 0.375 per cent.

Further evidence of the changing mortgage scene is that some small societies charge less for their mortgages than the bigger societies. According to Blay's Mortgage Guide the cheapest mortgages, charging a nominal rate of 12.5 per cent and an APR of around 13.5 per cent, are the Bedford, Chesham, Hanley Economic and Herne Bay though there may be some restrictions on the size of the loan.

Among the better known societies the Cheltenham & Gloucester's Gold Loan charges 12.65 per cent but is limited to mortgages in the £30-£60,000 range where the borrower does not want to borrow more than 75 per cent of the purchase price or valuation.

Meanwhile Barclays Bank is at pains to reassure its mortgage borrowers that they would not suffer if it were to sell on its mortgage loans either to another institution or a separate subsidiary of its own.

Barclays wrote last July to some customers to gauge their reaction but has so far had little response. It selected those with endowment mortgages because of the poor cash flow with such loans. The lender has to wait until the life policy matures before it is repaid any of the capital. Barclays says, however, that endowment mortgages represent a very small proportion of its total mortgage lending.

Margaret Hughes

Unit trusts

Fund of funds rides again

The Department of Trade and Industry has provisionally approved a new kind of unit trust and is expected to announce details early next week. In all but name, it is a fund of funds.

The title, "Fund of funds," is closely associated with the debacle 15 years ago of Bernie Cornfeld's IOS empire. Unit trust marketing men and the DTI are anxious to avoid too close a connection in the public's mind with the IOS affair.

Authorising a fund of funds as an offshore unit trust poses some technical difficulties. Unit trusts are not usually permitted to invest more than 5 per cent of their money in any one stock.

Save & Prosper, which is likely to be one of the first groups off the mark with a fund of funds, is a large group with 30 funds, and could spread its investments to this degree. Few others have the 20 funds necessary to meet the 5 per cent rule, and even S & P would find its investment freedom limited. However a large stockholder many pip S & P with the launch of this type of fund early next week.

Unit trusts are barred from investing more than 5 per cent of their portfolio in securities not quoted on a recognised stock exchange. This restriction has ruled out the creation of money funds in unit trust form, since cash is not viewed as a security. But it would also rule out unit trusts—although the M & G group, the largest unit trust manager, does obtain stock exchange listings for its unit trusts.

The Department of Trade, however, has come close to agreeing a framework of new rules, and feels that it has also incorporated enough safeguards to avoid a repeat of the IOS experience. Among other requirements, it is insisting that a group invest only in its own funds.

On the face of it, the idea of a fund of funds is appealing. So many unit trusts exist that it is difficult for an investor to choose among them. Switching frequently from one specialist trust to another can be expensive, as 5 per cent "front-end" fees clock up.

Customer demand for a managed investment vehicle certainly appears to exist, and a fund of funds is a relatively cheap way for a management group to meet this demand — much cheaper, in most cases, than managing a complete portfolio of shares offering the same sort of balance and diversification.

It also sidesteps the need to set up an in-house unit trust advisory service to counsel investors on which funds to buy. These services can be difficult to run successfully, and can alienate brokers, who feel that their role is being usurped.

Many fund managers, however, think a fund of funds offers bad value, and advise investors to choose a general international trust instead.

Even Bill Stuttaford, whose Framlington group has just launched a managed portfolio fund — based in Guernsey to avoid waiting for the DTI to make up its mind — takes this view. "I think there is tremendous value in all the groups' international funds," he said last week, "but for some reason they have never become popular."

So what are the drawbacks of a fund of funds?

● Double charging. The most obvious problem, of paying once for the fund of funds, and again for the funds in which it invests, should not be a difficulty. The DTI is believed to be insisting that there should be no double charging in any trust it approves. But the Framlington offshore managed fund, although it eliminates the duplication of front end charges, incorporates annual charges at both levels of the fund.

● Performance. The managers should over the long term produce a steadier performance than any specialist fund, since they can abandon any particular market if it turns against them. But many fund managers argue that an international unit trust can do this as well, and should be able to do it better; it can pick the best shares out of the specialist fund manager's portfolio, instead of taking a slice of all his choices, good and bad. Managed funds in unit-linked insurance bonds have generally underperformed the equivalent international funds, although this may reflect the inclusion of property in their range of investments.

● Dealing in units. There will be at least a temptation, if not a tendency, for unit trust groups to use a fund of funds to tidy up their own books of units. If the group has created a large number of units for one fund which it has not been able to sell to the general public, there could be some pressure for the fund of funds to buy them with its own inflow of new money. Dealing in units is one of the main sources of profits for unit trust groups.

● Conflicts of interest. This is perhaps the most serious concern, and it remains to be seen what safeguards the DTI has devised. The problem is that the manager of the fund of funds may wish to take his money out of Japan Smaller Companies and move it into American Special Situations.

But if he takes too much out at once, he could seriously destabilise the Japanese fund. Does he delay switching, and perhaps miss some of the rise in the American market or does he move at once, and risk the scowls of his managing director for damaging the Japan fund? The larger the managed fund, and the smaller the specialist fund, the greater the danger.

Problems like these make a well run international unit trust a better option for most investors. The public, however, finds the idea of a managed fund more appealing than that of an international fund—so funds of funds ride again.

George Graham

Interest rates drop

National Savings offer a safe alternative, reports George Graham

THE REMNANTS of last month's higher interest rates are gradually disappearing. Virtually all building societies have now cut their interest rates, and next week, the rate on National Savings income bonds falls to 12 per cent, paid gross.

National Savings is often a little slower to react to interest rate charges than its competitors. When banks and building societies cut their rates, investors have the opportunity to move into a National Savings product. And because NS certificates offer a fixed rate of interest over their five-year life span, you can expect a reasonable yield despite falling interest rates elsewhere.

Investors tend, therefore, to turn their minds to the Government-run savings bank only when rates are falling, and they see an opportunity before National Savings catches up with its rivals.

But National Savings has tax privileges that can make it the best choice—even when the general level of interest is below that of its competitors—to two groups at opposite ends of the wealth scale: higher rate taxpayers, and non-taxpayers.

So how do National Savings products compare with their rivals, which do not have these fiscal advantages?

● Fixed interest certificates. The new 31st issue of certificates pays 7.85 per cent if you hold it for the full five years, free on any tax. For a basic rate taxpayer, this is not very attractive, compared with three month notice accounts at building societies like the Property Owners. This pays a compounded annual rate (CAR) of over 10.5 per cent. Even the largest building societies are paying nearly 9.75 per cent CAR on 90 days' notice accounts.

● Yearly Plan. With a return of 8.19 per cent, tax free, this is good value for anyone wanting to put aside up to £200 a month, and not cash it in for four years. It beats most building society regular savings plans even for basic rate taxpayers. It is unbeatable if you pay tax at higher rates.

● Index-linked certificates. If you want a guarantee against inflation, the choice lies between these and index-linked gilts. While both are relatively efficient investments for higher rate taxpayers, the National Savings certificates—which pay 3.54 per cent over the rate of inflation—have the edge. For basic rate taxpayers, an index-linked gilt may offer a slightly better return.

● Income bonds. If you have more than £2,000 to invest, these pay a gross monthly income at a rate of 12 per cent a year. This is better value than a building society deposit or bank account for a non-taxpayer, who would not be able to reclaim the tax deducted at source

● Investment account. Now paying 11.5 per cent, the investment account is probably the best choice for a non-taxpayer who does not want to have to give the three months' notice for withdrawals required by income bonds.

Life offices take initiative

Eric Short reports on the response to possible second thoughts on reform of Serps

MR NORMAN FOWLER, the Social Services Secretary, may be having second thoughts on whether to abandon his cherished proposal to end the State Earnings-Related Pension Scheme (Serps). We shall know more about this next month when he produces his White Paper on pension reform. But some life companies are already launching pension schemes in anticipation of his proposed reforms, due to come into effect in April 1987.

Friends' Provident Life Office has been in the company and individual pension markets for decades. Nevertheless, it has decided to promote its full range of pension contracts now on the basis that both companies and individual employees cannot wait until 1987.

The group feels that, come what may Mr Fowler will make radical changes. These will include forcing employers with no pension scheme to introduce one, and giving employees the option to make their own provision outside the company scheme.

Friends' Provident says that delaying any action until the last minute could be costly in terms of lower pensions or higher contributions and could create administrative problems. A rush for advice and action in the weeks before the deadline is likely, and could swamp the expertise available.

The group assures employers and employees that they will get full credit for pension contributions made before April 1987, should it be necessary to change the pension arrangements because of the Government's decision.

Flexibility is also the keynote of Albany Life's venture into company pensions. Albany, part of Metropolitan Life of New York, has developed self-employed and executive pension contracts over the 10 years it has been in business.

Its move into company pensions anticipates the Government's changes for both company and personal pensions.

Albany's group schemes operate on the money purchase principle—that is, the pension at retirement is that which can be secured by the accumulated pension contributions made by the employee and his employer.

The schemes use the normal unit-linked formula. Contributions are used to buy units in the funds linked to the plan. At present only two funds are available, a managed fund and a deposit-style high income version.

Charges are the basic policy fee per scheme, with the first two years' contributions being invested in capital units.

Albany also offers group life schemes in conjunction with the company pension contract, costed individually, with the premiums being paid by the employer.

The important feature of this scheme is that each employee's stake is identified separately so that, on leaving the scheme, his share will be maintained even if he does not pay any more contributions. This arrangement will be useful to the employee in April 1977 if he decides to set up his own personal pension.

• FINANCE & THE FAMILY •

Taking a gamble

Punters stay with pools despite the poor payouts

A BEGUILING advertising campaign was launched by Littlewoods Pools to coincide with the start of the football season. Posters sprung up around the country depicting a group of 21 pools punters celebrating on board Concorde.

They are a motley crew. Occupation, socio-economic grouping, race, gender, creed or sexual orientation—apparently it makes no difference: anyone can win on the pools. Even a shaggy dog has had his day on the treble chance.

It must be pointed out that there is a small hitch. Not even a Littlewoods pools win, it seems, will secure you a seat on Concorde, for the entire party has had to resort to travelling by the aeronautical equivalent of deck class and is to be found straddling the fuselage, nose cone and starboard wing.

However, the true lure of the poster lies not in its depiction of the jet-set, if windswept, lifestyle led by the successful pools punter, but in its accompanying message. "We're going to pay out £100m this season," reads the top of the poster. Then, across the bottom: "Littlewoods Pools. It's Daft Not To."

This last statement is clearly open to debate. For some it may call to mind statistics compiled by the Royal Commission on Gambling, chaired by Lord Rothschild, whose report was presented to parliament in 1978. Part of the commission's brief was to report on the odds against winning in the principal forms of gambling in Britain.

The commission found that it was difficult to judge the value for money offered by reference to the odds alone. Instead it used the rate of return, defined as the percentage of stakes received from all gamblers which is returned as winnings to them collectively over a long time.

The statistics took some by surprise. Those who had lost their shirts at the roulette table were staggered to find that the value-for-money league table was topped by casinos, with an average rate of return of 97.5 per cent. On a smaller scale, many who had emptied their pockets into the fruit machine at the local pub were astonished to learn that they had been lining other people's pockets with a rate of return of 70 per cent.

Right at the bottom of the league table, in spite of those highly-publicised six-figure payouts, were the football pools, with an average rate of return of 30 per cent. The commission described the figure as "lower than the rate of return on any other form of commercial gambling in the country."

The Home Office confirms that the rates of return are roughly the same today as they were in 1978. In fact figures just published by the Pools Promoters' Association show that the average dividend offered by its members, far from improving, has edged down to 26.9p per pound staked. So with a rate of return like that, is it really daft not to put your money on the pools?

Littlewoods argues with some justification that it cannot be blamed for the comparatively low rate of return. The main reason for that is the large proportion of stakes taken by the Inland Revenue.

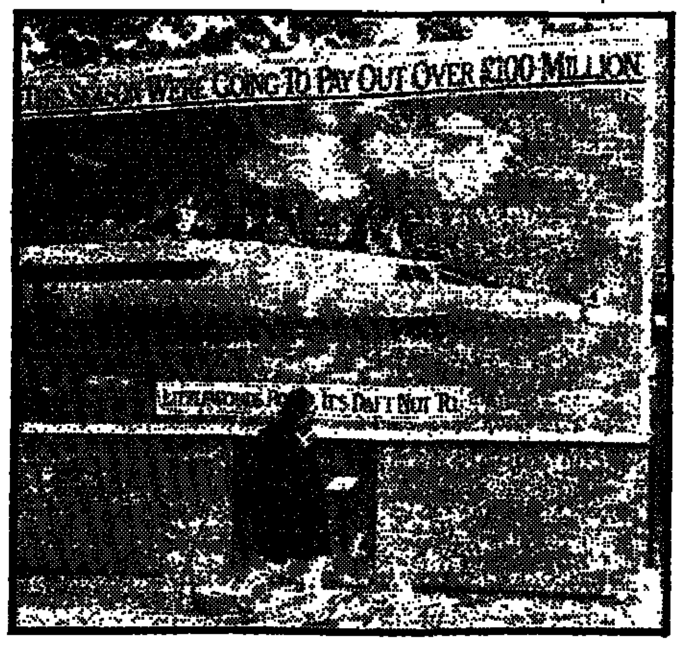
The royal commission said the tax rate was "unjustifiably high" and "excessive (when) looked at on its own or in the context of practice abroad." At that time the rate was 40 per cent and the commission recommended its reduction.

In fact the reverse has happened: it has gone up to 42.5 per cent, with the consequent drop in the rate of return to punters referred to above.

It is also fair to point out that the poor returns cannot be attributed to excessive greed by the pools companies, for in relation to turnover (though not in relation to return on capital employed) the profits look quite small.

Expenses, which include the cost of collection and administration and the profit rake-off, average 30.6 per cent of total stakes (29.9 per cent for Littlewoods) and because pools companies are obliged to report profits separately from expenses if they amount to more than 3 per cent of stakes, they keep them just below this figure.

Anyone can win the pools, claims the advert. Even a dog has had its day.



Littlewoods promotion takes off

Form of gambling	Approximate percentage of money staked returned as winnings, after tax
Casinos	97.5
Licensed cash bingo	95*
On-course betting	88†
Off-course betting	81‡
Slot machines	70
ITV Seven	53
Public lotteries	50§ or less
Football pools	30

** If participation fees, which are a prerequisite of play, are taken into acounts as well as stakes, the rate of return is 80 per cent. † Covers bookmakers, greyhound tottes and the Horserace Totalisator Board (the Tote). ‡ Covers all types of off-course betteing. § Fifty percent is the maximum allowed by law. There is no minimum.

The pools companies are, of course, fiercely critical of the tax they have to pay and continually press for a reduction to enable them to increase payouts. But in a sense this is almost irrelevant to the main argument, for in Littlewoods' view the rate of return is meaningless where the pools punter is concerned.

"The average pools punter isn't gambling in the true sense of the word," Littlewoods says. "People don't look at it that way. What they are interested in is that for a stake of £1 or less they have the opportunity to win £900,000, and the rate of return is not something they consider."

This view was explored by the royal commission, which contrived the term "maxi win ratio" to express the ratio between the highest possible prize that can be won in a particular form of gambling to the minimum stake required to stand a chance of winning it. On Littlewood's pools it is £900,000 (the present top prize) divided by 24p (the minimum stake), which equals 3.75m. On a 10p slot machine offering a £20 jackpot it is 200, and for single-number bets in roulette it is 35.

"The larger the maxiwin ratio, the more attractive the bet will seem because of the greater size of the dream win," the commission said. "The gambler may not care that only a fraction of his stake will on average, be returned to him if it buys the prospect, however, remote, of an enormous win."

One of the commission's recommendations was that pools promoters should be required to notify competitors of the rate of return offered. The recommendation was not acted on, but the figures are readily available and occasionally discussed, so there is nothing to suggest that the public is not aware of them.

Yet the commission found that, of all the forms of gambing in Britain, betting on the pools is by far the most popular. About 35 per cent of the adult population often has a flutter on the pools, and the amount staked with the top three companies—Littlewoods, Vernons and Zetters, reached a record £520m in the year to last July. Clearly 35 per cent of adults are in full agreement with the Littlewoods message that it is daft not to bet on the pools. And 35 per cent of adults cannot be wrong . . . can they?

Richard Tomkins

Mortgages

When it pays to switch

THE THRILL of buying a new home all too often wanes when the bills start pouring in. Since the mortgage repayment is usually by far the biggest item, however, it can be a crucial area for savings.

Often, borrowers are paying more than they should, or can reasonably afford, because they have been persuaded either to take out an endowment mortgage or a pension-linked scheme instead of a straight repayment of capital and interest only with no frills attached.

As a result, they often wonder if they are "locked in" or whether it is advisable or possible to switch to a straight repayment mortgage with a lower monthly outlay.

In theory, pension-linked plans, whereby the capital cost of the house is paid from the lump sum element of a pension plan, are financially most attractive since, in effect, the borrower obtains tax relief on both the capital and interest payments. But these plans are not available to anyone already in a company pension scheme and they involve two payments—interest on the mortgage plus the premium to the assurance company—that greatly exceed the single straight monthly repayment (even if providing much bigger rewards in the long term in the form of an additional pension).

The endowment mortgage is open to all, but has lost much of its financial attraction since the 1984 Budget when the 15 per cent tax relief on life assurance premiums was scrapped.

Both banks and building societies earn hefty commissions on mortgages linked to endowment assurance policies, and tend to promote them regardless of whether they are the most suitable for a particular borrower.

Monthly payments to the building society on endowment mortgages cover interest only. The capital is paid at the end of the mortgage from the proceeds of the life policy, for which the borrower pays a monthly premium to the life company.

The amount of the monthly society repayments are, therefore, linked directly to interest rates; the higher these are, the greater will be the disparity between the monthly cost of repayment and endowment mortgages.

Interest rates have to be around 8 to 9 per cent for the monthly payments on straight repayment and endowment mortgages to be level pegging.

Some borrowers in pension-linked plans could have been self-employed when they bought their home, but have moved to salaried employment. Usually, this means they would no longer be eligible for a pension mortgage and its inherent tax benefits.

So what are the prospects for switching to a straight repayment mortgage?

With endowment mortgages, it will depend first on whether the mortgage was taken out before or after the 1984 Budget. If before, the mortgage usually should be retained so that the borrower continues to enjoy the premium relief — even if she or he changes house. Any additional amount borrowed can be taken out as a separate mortgage.

To reduce your monthly outgoings, you would usually extend the term of the existing endowment mortgage as well as taking out another mortgage for the extra amount. Whether this is in the form of another endowment or repayment mortgage will depend on the borrower's ability to meet the generally higher monthly payments on the endowment version.

It will also depend on the borrower's assessment of the life company's ability to project the bonuses accurately that will produce a lump sum attractive enough at maturity (over and above the amount needed to repay the capital) to make the heftier monthly payments worthwhile. Such projections are becoming increasingly precarious, so it is by no means certain endowment mortgages will continue to produce the average annual yields of 11 per cent achieved in the past.

Where the endowment mortgage was taken out after the 1984 Budget, then much of its attraction is lost. Switching to a repayment mortgage, or taking out a repayment mortgage for the extra amount needed to buy a more expensive home, is better.

The process is relatively simple; but the timing can be crucial and you should never, unless forced to, surrender your endowment policy. If an endowment policy is terminated within two years of being taken out, there is no surrender value and the money you have paid in premiums is lost.

With some life companies, this applies for the first three years of an endowment policy; in any event, you would generally need to have held your policy for at least five years to get back enough to cover the premiums you have paid.

If you want to opt out of your endowment mortgage but are not prepared to forfeit the premiums you have paid, then you could retain the policy until maturity without paying any more. By making it "paid up" in this way, you would still enjoy the proceeds from the premiums. Not all life companies will allow you to do this.

When deciding which life company to use for your endowment policy—and you should not necessarily go along with your building society's suggestion—it is important to establish the surrender values they pay.

The figures can vary widely, although the monthly premiums and terms of the policy may be exactly the same. For example, the surrender value after 10 years on a 25-year jolicy, for which the gross monthly premium is £30, would be £6,272 with the Norwich Union and £2,960 with Sentinel.

Similarly, after two years you might get £612 from London Life to £157 from Provincial Life.

The attraction of pension mortgages, for those who are eligible, is that you receive tax relief on the premiums at your highest earned income rate. There is the further advantage that there is no income or capital gains tax on the investments made by the plan itself.

However, should you change your employment and take up a pensionable job, you immediately lose the tax benefits. A pension mortgage no longer remains a viable proposition, particularly as you would have to keep the whole pension plan current to realise the cash sum at maturity.

But, unlike an endowment mortgage, you do not have the same flexibility. You cannot simply cash-in a pension plan early: this is prohibited by law. You have only the options either of reducing or stopping your monthly contributions. But at least you are not forced, as some readers fear, to keep on paying the same premiums.

In both cases, you would continue to share in the performance of the pension plan (if it was a unit-linked scheme) and still attract bonuses (as if it was a with-profits plan) until you reached retirement age.

Margaret Hughes

£30,000 MORTGAGE OVER 25 YEARS FOR MALE AGED 35 NEXT BIRTHDAY

	Repaymt. £	Endowmt. £	Pension £
Gross monthly mortgage repayment	335.46	331.26	331.26
Net monthly mortgage repayment ...	252.98	231.78*	231.78*
Monthly tnsurance premium	5.50†	39.40	49.97*§
Totaly monthly outlay	258.48	271.18	281.75
Total cost over 25 years	77,544	81,384	84,525
Tax-free surplus	—	21,043	24,330‡

* For basic rate tax payer. † Level term mortgage protection cover. ‡ Plus £16,351 per year pension. § Ind. life cover.

Source: Abbey National Building Society using life cover provided by an average rated life company.

Unit trusts

Fund managers in the spotlight

JUDGING A unit trust on its raw performance statistics can be a *hit-or-miss affair*, but it is often the investor's only method available of selecting a fund.

A new *unit trust directory*, however, aims to provide brokers and investors with more *ammunition by setting* performance against the level of risk entailed in a particular fund and against *the volatility* of its results.

The Directory of Unit Trust Management, much *of it the* work of two Exeter University academics, Dr Desmond Corner and Mr John Matatko, *also aims* to relate performance to the individual who manages each fund, *not just* to the unit trust group. It includes a poll of what stockbrokers think about *the different funds*.

How helpful is the directory for selecting a unit trust? Some fund management groups have refused to help in its compilation and believe the results are very misleading. Their criticisms focus on three points:

● *Personalities. Groups such as* Warburg Investment Managers, which runs the Mercury unit *trusts, says it is unhelpful to* single out one person as being in charge of a particular fund. "*It is misleading to give one* name," said Mr Richard Bernays, chairman of the Warburg unit trust group. "There is one person whose finger is on *the trigger, but it is very much* the team whose ideas are being put into practice."

The editors of the directory reply that it is almost always possible to single out one *manager* for a fund. However, managers change, and it can prove difficult to attribute a *five-year* record to one person.

Jill Smith, for example, appears in the directory alongside the records of four Henderson Far Eastern unit trusts, although she only joined Henderson earlier this year. To find her record, one would have to look at Framlington's Japan fund, or further back to Prolific Far Eastern.

● Measuring "beta." The directory's assessment of performance is underpinned by gauging a fund's sensitivity to the overall movement of the stock market, known in investment analysts' jargon as beta. A fund with a beta of precisely one would be expected to move up *or down* by the same amount as the stock market index. A more aggressive fund would have a beta higher than one, and would be expected to rise and *fall quicker* than the index.

Beta may tell you something about the volatility of a *particular share because many companies* may be expected to react in a similar way to the news *that moves the whole stock* market from year to year. But does it tell you anything about a fund?

"It would if you claimed to run a portfolio with constant beta," said Mr Dick Eats, of GT Unit Managers. "But most people are trying to produce superior performance, so you aim for high beta when the market is going up, and low beta when it is going down."

● Stockbrokers' poll. Some *fund managers say it is only* fair to allow stockbrokers to get their own back (the fund *managers vote on stockbrokers'* research in an annual survey conducted by Extel). However, *is a broker in a position to* judge a fund manager, as the latter is to judge the research material he uses or discards?

"It's like a scoring of alcoholics by barmen," says Mr Myners, pointing out that a stockbroker's institutional sales force will be interested in those fund managers that produce the biggest buy and sell orders for them.

However, the directory's compilers say they concentrated on stockbrokers with large private client departments, who select unit trusts for their customers' investments, asking them not to *judge solely on past performance* not to be swayed by the commission they receive.

The publisher's admit there are some deficiencies in this first edition, but they expect future editions to contain much more information. In its *present form* the directory must be treated with some caution as a handbook for selecting a unit trust.

Directors of Unit Trust Management, published by London & International Publishers, 49 St James's Street, London SW1A 1JT. Price £60.

George Graham

Bankrupts' plea for sympathy

John Edwards reviews a new book dedicated to defending debtors.

TREATING bankruptcy with sympathy is the keynote in a new paperback book, out next week, on dealing with debt problems.

The author is John McQueen, who formed the Association of *Bankrupts in 1983 and is a self*-appointed defender of debtors. So much so that, according to McQueen: "*These days, most of* my friends are bankrupts and a finer, more talented and marvellous *group of* people you could not hope to meet."

He argues that attitudes in Britain towards debtors, especially bankrupts, remain peculiarly harsh. Anyone in serious debt is labelled as some sort of criminal.

McQueen says the general *debt burden on the average* household in Britain has doubled in the past decade and *is likely to increase further* as the consumer society pushes easy credit to buy goods.

He claims legislators are preoccupied with what they see as the need to protect society against irresponsible and crooked bankrupts. But what *actually* is needed is a "safe harbour" where debtors' difficulties can be resolved fairly *and in an atmosphere of* genuine and humane social concern.

The book is described as a practical survival guide and the first part is concerned *mainly* with ways to reduce debts, delay claims, and avoid going bankrupt. Illustrated with "*case histories*," *it also has* more practical advice on how to negotiate with creditors, what *to do* when a bank turns "nasty," and how to cut costs.

Part two deals with how to cope when you are bankrupt and the consequences.

The book, *snappily entitled What To Do When Someone Has Debt Problems*, is published by Elliot Right Way Books of Kingswood, Surrey. It costs £1.20 at booksellers or can be obtained, for an additional 20p, direct from the Association of Bankrupts, 4 Johnson Close, Abraham Heights, Lancaster.

Buying a timeshare

Ensuring a fair share

BILL FORRESTER and his wife both have law degrees and she lectures in the subject. But that didn't save them from agreeing to invest thousands in a property overseas without proof of title and involving unlimited further obligations.

They were buying a timeshare: *the right* to occupy a holiday home—in this case a flat—for the same specified weeks each year. After further inquiries, they reconsidered and are still trying to extricate themselves from the deed.

Timesharing, otherwise known as multiple ownership or interval *ownership*, has been growing in popularity.

One of its main attractions is the much *smaller* capital outlay needed than in buying a second home outright. Timesharing also allows the burden of managing year-round property in some foreign countries to be borne by a professional management company and costs of upkeep to be *shared*.

Furthermore, timeshare has been made a tradeable commodity. The owner doesn't have to return to the same spot *for the same weeks each year* but, through one of the organisations operating exchange schemes, can swap rights and go at a different time or even to a different part of the world.

The conventional advice on *buying a timeshare* is:

● Go to see what you are buying. Even a film may not show the gasworks, sewage plant or shunting yard that just happened to be immediately behind the cameraman.

● Get an English-speaking lawyer in the country involved — London embassies usually provide lists — to vet the deal. I was offered a Portuguese timeshare said to be under English law, but a local lawyer said the contract would not be recognised there.

● Never buy into an unfinished development unless a final price is guaranteed and the funds are held by an independent trustee. Beware the trustee with a high-sounding name registered on some offshore island (and probably *controlled* by the developer).

● Confirm that the property is eligible for membership in an *international exchange scheme.*

● Secure your rights against further development. It is not much fun looking out of your seaview window at the frosted glass of another tower.

● Be sure to buy adequate insurance cover.

Sound, but incomplete advice. It's slanted towards the quality of, and your title to, what you are buying. The English Tourist Board is one of the few bodies to recognise that whereas timeshare is sold largely as a capital investment to secure future holidays — *often with claims of* inflation-proofing—ongoing costs are as important.

Maintenance, refurbishment, electricity and other services, and local taxes are extras the timeshare buyer must face.

While a timeshare resort is being sold, the developer has every incentive to keep it up and even to subsidise maintenance so that the yearly charge is attractively low to prospective buyers.

However, once the resort has been sold, the developer's and *timeshare owner's interests will* usually be opposed. Any wear and tear, electrical faults or swimming pool and water treatment plant breakdowns all become the timeshare owner's *problem* and expense. *Usually* the original sale contract will specify a management company *to maintain* the property. As the management fee is a percentage of costs, they tend to become *inflated. This not only increases* the timesharer's expenses, but also — by raising annual subscriptions — lowers the resale value.

Maintenance contracts are a minefield. I have seen contracts in which the smallest print and *obscure wording had the effect* of leaving all discretion on upkeep with the management company In theory, the company could make timesharers foot the bill for gold-plating the entire development and then pocket the management *commission*.

The best schemes give owners as a group the right to change *maintenance* contractors. The sellers of timeshare know this and may make the right appear to exist. However, unless it *is* given in writing at the outset, the right does not exist to know the names and addresses *of* all other timeshare owners. Even if that problem is overcome, *there is the practical* problem of contacting up to 50 timeshare owners for each of perhaps *several* hundred apartments. The costs far outweigh the most exorbitant maintenance contract.

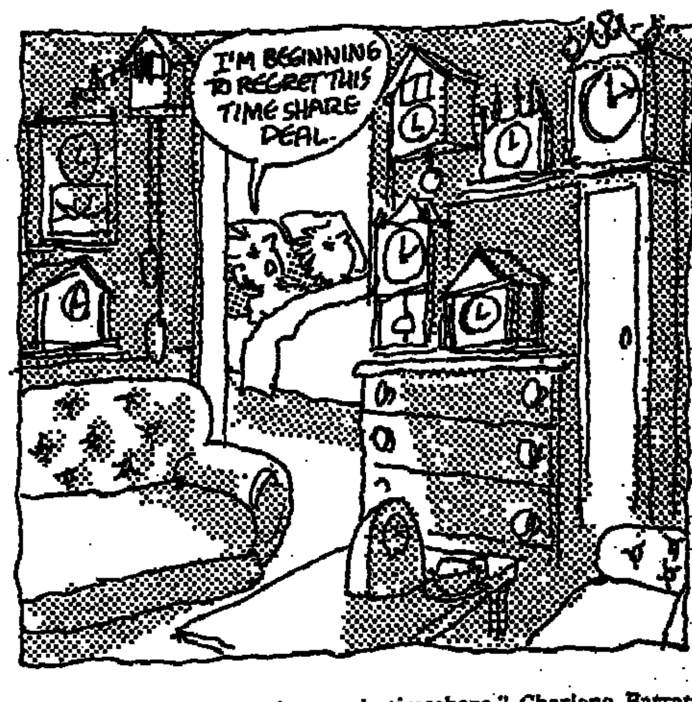
It is not merely the upkeep *of immediate amenities which* presents a problem in those areas with a high proportion of *timeshare ownership*.

"What's spoiling this resort is timeshare," Charlene Barratt *told me* as she drove a tour party around Hilton Head Island, South Carolina. "People *who* buy timeshare don't spend money when they come. Some even bring their own food with them.

"They use the beach space, the water, the roads and amenities, *but* we don't get the spending in local shops, restaurants and services, which you normally expect from tourists. It's becoming overcrowded and the amenities are being exhausted or are fading."

Since she spoke to me, her own minibus tour business has *stopped* trading.

John Roberts



The good lawyers' guide

EXPATRIATES

ANYONE *thinking of buying* property overseas should always consult a lawyer. It is an obvious *precaution of great importance.*

Unfortunately, finding a reputable lawyer qualified to deal with *this* type of property transaction often is something else.

Most people buying abroad rely on the advice of their estate agent or developer. If they are dealing with a reputable agent who realises there should be an English-speaking lawyer for British clients, this might be an acceptable solution. But it is possible the agent will simply recommend a friend *or the first lawyer he thinks of.*

Even if the recommendation is made in good faith, the purchaser could be left high and dry if the transaction does not go according to plan, unable to understand the reasons or the communications from his lawyer. The situation often is made *worse* by the would-be-buyer living in a different country from the property.

Recommendations by other residents in the development *are useful*, but *not always* reliable. They can, however, be used to narrow down the possibles on the list of local lawyers available at British and and American embassies. The embassies will not recommend lawyers — but disreputable ones won't be included on the list.

The final choice can then be *made after visiting the lawyers* concerned and comparing their services and charges.

Of course, all this can mean a prolonged stay in a foreign country and, if you are inspecting property on a short visit, you might run out of time. This, however, does not present any real problem for those beginning their quest in Britain as there are several sources of information close at hand.

Perhaps the most obvious, and most easily overlooked, is the local library. Most *reference* libraries have a comprehensive list of solicitors operating in Britain and details of those with offices abroad or international connections. Many of these firms deal only with corporate business, but some handle private business regularly and specialise in property purchase.

Using one of these has several advantages and only one disadvantage. It will have contacts in the country where your transaction is taking place, so that it can select a local lawyer with a proven track record. Its *local knowledge will* enable it to consider local politics when choosing such a lawyer, which sometimes can save months of unnecessary delay. It should be familiar enough with purchase procedures to check the local lawyer's work; if anything goes wrong, you can vent your emotions on the English office and get an immediate explanation.

Perhaps the biggest advantage is that an English firm will know how the property purchase might affect the client's tax status. While the local lawyer *should* be able to advise on national national and local taxes in his country (and as these can *change quite often* and without notice, this advice is indispensible), he will propably prefer not to get involved with UK tax advice.

Many British expatriates believes they can avoid UK tax by *changing their residence to a* low-tax country. But while they still are domiciled in Britain they remain liable *for* UK tax. An English law firm should be able to give detailed advice on that.

The only disadvantage of using a British lawyer for property purchase overseas is that it costs more. But you cant's put a price on peace of mind, can you?

Amanda Seidl

Attic treasures

One man's rubbish . . .

AFTER many years of dissolute living, your Uncle Fred has finally succumbed to his lifestyle and died unexpectedly at the age of 98.

A solicitor's letter informs you that you are his sole heir, but unfortunately, partly as a result of his dedicated patronage of the local hostelries and his gourmet diet, there is very little cash in the kitty and his home happens to be rented from a housing trust.

So you are left with little more than the contents of the old house in which he lived for most of his life. At first you are tempted to look the place over, take what you want, and let a local dealer or "houses cleared" merchant make you an offer for the rest. Don't.

First you should make a systematic search of the house and divide the articles into groups such as silver and jewellery, books, pictures, china and clothes. Leave the furniture and carpets where they are.

If there is an attic, start there. This is the traditional home of unwanted childhood items. A box of toys, for instance, might contain a tinplate car made by a German company such as Carette or Lehmann early this century. Then it cost a few pence. Today, depending on condition and detail, it could be worth anything from £100 to more than £800. A battered but original turn-of-the-century rocking horse could fetch at least £200-£300 and almost anything else in the toy line of that period and even later is worth money.

Teddy bears, even well-worn, can be deceiving. Recently Christie's and Phillips sold straw-stuffed specimens some 17 inches high at world record prices of around £1,100. The bears were produced by Margaret Steiff, who asked U.S. president Teddy Roosevelt if she could produce a bear in his name following his refusal to shoot a baby bear on a hunting trip in 1902. Even less illustrious bears are fetching good money at auction. At the moment, bears of practically all ages are in.

Attics also tend to be repositories for old clothes, often tucked away in trunks. Any military dress uniforms in particular, or women's clothes from the 1920s to the 1940s command a ready markt, if they are in good condition. Victorian clothes will attract very keen interest. Good linen also has its followers, and old cotton or patchwork bed covers are much prized.

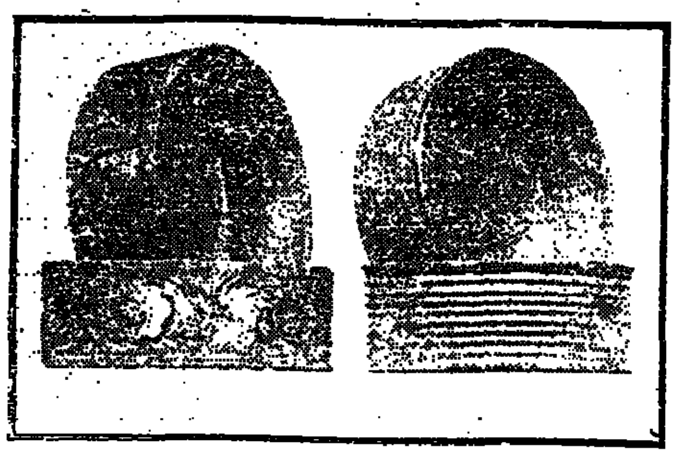
But the main items of value are likely to be in the lower regions of the house. Look for silver items after acquiring an inexpensive guide to hallmarks, such as that published by W. Foulsham. This covers marks from 1558, and will enable you to date items and origin precisely.

Sort out all items of jewellery. Discard nothing. Even items which look like paste (artificial stones) have sometimes turned out to be the real thing. Old coins, whose value very much depends on condition, can also yield good dividends.

Uncle Fred may have wartime campaign medals. These alone are more of sentimental value because of the large numbers issued. However, if Uncle Fred picked up a Military Cross, to go with his other miliary awards, their value would be greatly enhanced.

Books should be sorted with care. Uncle Fred, reputedly a lover of nature in many forms, may have amassed a collection of natural history books. This could have included Bucklers Larvae of British Butterflies and Moths, in nine volumes, published around the end of the last century. A first edition in good condition could net you around £500. On a less exotic level, there has been increased collector interest in early first edition and rare Penguin paperbacks since the company celebrated 50 years in business.

Down in the dining room you may find a pair of small lightweight pâpier maché coasters which Uncle Fred used for pushing bottles adn decanters round the table when he was entertaining. If the pair is Regency it could be worth several hundred pounds. Such is the recent increase in demand for pâpier maché, whether for chairs or trays, that Christie's in South Kensington holds special bi-monthly sales of the objects.



Inherited trays: Regency papier mache wine coasters could fetch hundreds at auction

When selling there are two broad choices: To take items to specialist dealers, or to ask them to call. The names of leading dealers can be found in the Yellow Pages or in specialist publications like Apollo or the Antique Collector. If you decide on this method it is wise to seek several separate offers. One dealer may be prepared to pay more because he has a customer looking for what you are offering.

By far the simplest form of disposal is to put the items up for auction. Your local auction room will give a valuation and can arrange for the items to be moved to the saleroom.

The more obviously valuable items should be placed at one of the big auction houses such as Bonham's, Christie's, Phillips or Sotheby's.

Although you will have to pay commission of up to 15 per cent at any auction house, plus VAT on the commission and an insurance charge, this is still one of the best ways of getting the right price for your goods. Ensure that you agree with the auctioneer on a reserve price below which the more valuable items cannot be sold. Even salerooms have their bad days.

For lesser auctions, all the odd bits and pieces can be put in cardboard boxes and sent for sale as job lots. It is often surprising how much one man will often pay for another's rubbish.

Ian Dunning

Briefcase

Inspector makes wrong ruling

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I make payments of £300, less tax at the basic rate, under seven-year covenants for the maintenance, education and benefit of each of my brother's ten grandchildren. Payment is made to one parent as trustee in each case.

If the £3,000 were set off against my income I should be eligible for age allowance but, as my assessment did not allow this, I entered an appeal. The Inspector of Taxes has written saying that paments under covenant are only allowable if made to charitable organisations and not in my case, and has invited me to withdraw my appeal.

Is he correct?

Do not withdraw your appeal—the inspector is mistaken. Another reader received a similar letter from his inspector but, following our advice, he eventually received a tax refund and an apology. Tell the inspector that, if he refers the question to his head office, they will confirm that you are right. (If by chance you have any more trouble, it will be easier for us to help you if you send us a photocopy of the inspector's letter.)

Dealing in deceit

A licensed dealer in securities induced me over the phone. I was given very little time to think it over and he categorically emphasised it a sound investment to buy shares in a company without even sending me the latest accounts. He insisted I should take his word. Believing him I sent a cheque for a number of shares.

A month later when I requested a copy of the latest accounts I was told that the company had difficulty in producing one. A short while later the company went into receivership. The dealer sent me the share certificates five months after the company was put into the hands of the receiver. What is the legal liability of the dealer in the transaction?

We think that you may have a claim in negligence (or even deceit) against the dealer if you can establish the facts which you recount; but only if it can be shown that you were induced to forgo perusing the accounts in reliance on the dealer's recommendation and that the dealer was aware of this. You should take this up with the dealer straight away.

Son's share in home

Is it a fact that my wife and I may make our 27-year-old son co-owner of our bungalow and that should we do so, the value of the property will be deducted from the total of assets when they are reckoned up in respect of death duties? What period of time must elapse before the value can be so deducted? Must the act of making our son co-owner be done through a solicitor and his name added to the deeds, or is other proof needed that he has been made so?

You can make a gift to your son as suggested. The effect would be that Capital Transfer Tax will be payable (or your nil rate will be used) to the extent of the value of the gift when it is made, leaving the charge to Capital Transfer Tax on death limited to the interest which the deceased had immediately before death. There is no time limit for this process, save that a gift to your son which exceeds £87,000 in value may attract further tax if you die within three years. You would be wise to consult a solicitor, though it is not essential.

Stamp duty savings

With reference to your reply to the query under the heading "Trust for daughters" July 20th, could you please elaborate as to what method of saving Stamp Duty you refer. There appears to be more than one method and I should be interested to know which is the more cost-efficient as I have a somewhat similar problem.

We had in mind a declaration of trust which would attract duty at 50p for a deed stamp.

Covenant possibilities

Is it possible to word a deed of covenant in favour of my grandchildren so that the gross amount payable is automatically upgraded each year to equal the single person's tax allowance?

We think that what you propose is possible, but would advise that the formula to be applied should be an alternative to a stated amount eg "...pay such sum as shall equal the amount of the single person's allowance for income tax purposes in each tax year or £x whichever shall be the greater."

Confusion over disclosure

I am a beneficiary of a discretionary trust, established in Jersey by a Jersey resident, which has now passed the earliest date on which it could mature. The Inland Revenue is pressing me to supply the annual accounts of the Trust since its inception which the revenue claims I am entitled to under English law as a beneficiary.

The trustees have never supplied me with any such accounts and have, in the past, denied any duty of disclosure. I should be grateful if you could clarify whether I am entitled to such accounts and what remedy I have to enforce any such right against the trustees.

If the trust is subject to English law, you are entitled to call on the trustees to provide accounts, and can enforce that requirement by proceedings in the High Court; but it seems likely that the trust in question is subject to Jersey law, not English law.

Migration worries

If someone migrates from Britain to Australia, becomes owner-occupier of a house there but still has some cash in National Savings and/or a building-society in Britain, does he need to make wills separately in Australia and in Britain? Or would a will, made in Britain before migration, be alone sufficient to deal with assets in both countries? Possibly, a new will should be made in Australia, in lieu of the one made in Britain and that new one would be sufficient to deal ultimately with the cash invested in Britain?

In addition, could you please advise whether it is permissible, feasible and advisable for a migrant, in the above circumstances, to appoint his two beneficiaries as executors although one of the two lives in Australia and the other in Britain?

We cannot advise you as to the requirements of the laws of provinces in Australia. A will can be made abroad in a manner suitable to dispose of property in England; but it is not advisable to appoint executors residing in two different countries (though this is permissible in English law).

Empty but occupied

A recent reply that you gave to an enquirer who wondered whether a house which he was either buying or selling was rateable when not occupied although it was furnished prompts me to enquire whether it is your opinion that country holiday accommodation that I own which now will not be occupied throughout the winter but will remain furnished can avoid attracting rates? I am perfectly prepared to declare to the rating authority that the premises will not be occupied for the period in question.

No: the property will be in rateable occupation throughout the winter despite the fact that no one will be residing there.

OVERSEAS PROPERTY

• PROPERTY •

Island with that feeling of home

ABOUT 20 Malta estate agents are promoting their wares in Britain in an attempt to revive the Maltese property market.

The Prime Minister, Dr Carmelo Mifsud Bonnici, is anxious to encourage investment from the UK.

The Association of Estate Agents is relying on the appeal to the British of this George Cross island which became independent in 1964 and a republic 10 years later. Its 320,000, mainly English-speaking inhabitants, live in Malta, and the small islands of Gozo and Comino. All three comprise 122 square miles. London papers arrive on the day they are printed. Gatwick is a three-hour flight away, the telephone boxes are GPO-style, there is a reciprocal arrangement with the National Health Service, and traffic keeps to the left.

It also offers sunny winters, draught beer and three-course meals for under £10. Some hotels are introducing time-share schemes.

Many of the cream coloured flat-roofed limestone houses have an unattractive box shape. Windows in old farmhouses are usually small, to keep out wind and sun. Ledges beside the upper windows of a village home hold pots of sweet basil if there are marriageable daughters. Bull horns over the door are supposed to ward off the evil eye.

The wall of the old mill, now turned into a home, still contains the hollow made by the haunches of the bullock that turned the mill stone to grind the corn.

Modernised farmhouses cost about £27,000. A windmill in the medieval hilltop village of Gharghar, converted to a five bedroom, four bathroom home with a swimming pool, costs about £45,000. Furnished three bedroom apartments can be bought from about £17,000. New bungalows on the Santa Maria estate above a beautiful sandy beach, would cost more than £100,000.

The 17th century Armeria Palace, built by the Knights of St John to store arms at Zurrieq, five miles west of the capital, Valletta, is for sale. The contents include Victorian furniture, willow pattern pottery, Chippendale cutlery boxes and relics of World War II.

Costs on top of the purchase price of a property are approximately 1 per cent for notarial charges, 2.65 per cent for stamp duty, and about £140 for the Ministry of Finance fee. There is also a once-off payment to the original land-owner, and a year's ground rent payable in advance.

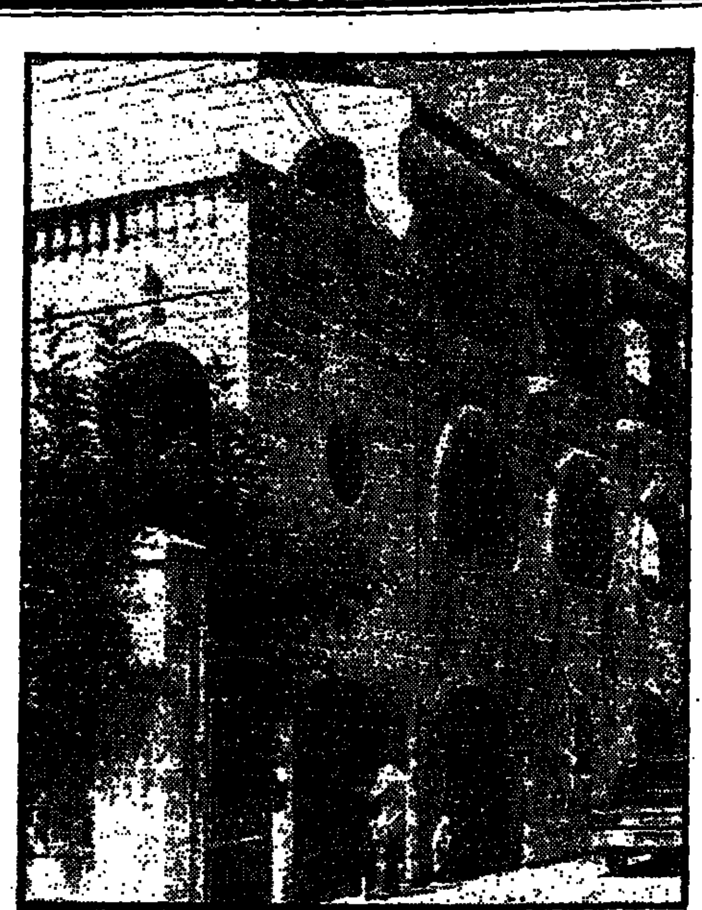
Non-residents can stay up to three months at a time without paying tax. Temporary residents pay only on income brought into the country. Permanent residents, who are obliged to bring into Malta an annual income of £4,000, are subject to local taxes with a 30 per cent maximum. They also need capital of £20,000. This can include their homes.

The Bank of Valletta, whose chairman is Dr John Buttigieg, the deputy Speaker of the Maltese Parliament and a property lawyer, allows foreign currency accounts where interest on deposit is not taxable. They are not subject to exchange control.

A guide to property buying can be obtained from the Association of Estate Agents' at 7 The Whispers, Ross Street, Paceville, Malta. Taxation, import licences for furniture, car and pets, residents' permits and medical services are dealt with in detail. Trust House Forte's Hotel Phoenicia is offering a "househunter special offer" between November 1 and March 26. For £240, you get flights, four night's stay at half-board, three days' car hire, and a tour of places for sale. Bookings can be made in London at 01-567 3000.

Mr Frank Salt, the president of the association, wants to attract up to 4,000 new permanent residents to provide employment, foreign exchange and tourism. "This would bring in a minimum of £16m a year, and as each couple would need to buy a home costing from, say, £20,000 to £30,000, this could mean a further intake of between £80m and £120m." Local people can buy land at a special price from the Government and building costs are cheaper for them.

Commission on the sale of properties is 3.5 per cent for a sole agency, 5 per cent if not. Non-residents, temporary and permanent residents can send the proceeds abroad. An agent may quote a price of £30,000, but say that the actual market value would be about £7,000 less. Everything is negotiable in Malta and Gozo, where the association members also operate.



Malta's estate agents hope to attract British investors. This villa with pool at St Andrews is selling for about £130,000

The Maltese spend weekends on Gozo, which is said to be the island in Homer's Odyssey where Ulysses spent ten years in Calypso's cave. Tucked away among the cypress groves and vines, where brilliant yellow fennel grass mixes with paler winter sorrel, are the real bargains—derelict houses for the courageous to renovate. Although below the price of £10,000, at which non-residents are allowed to buy, the amount spent on rehabilitation would raise the total above the threshold.

A partly demolished mill above a valley is about £9,000, while in Sannat, a tiny town noted for its lace-making, an old house and courtyard is under £6,000. Stay at nearby Ta 'Cenc, an exquisite country hotel by a rocky plateau where cliffs drop 470 ft to the sea. The area would be a developer's paradise if permission to build could be obtained.

For your bookshelf:

● If you want to detect death watch bettle which attacks hard wood, particularly oak, or understand private drainage through a septic tank, then the new *Dictionary of Estate Agents, Surveyors and Solicitors' Jargon* is a valuable source of information.

Compiled by Stephen J. Minchin, a partner in Reeds Rains, estate agents in the north of England, it takes you from Abstract of Title, an article on land which is unregistered to prove that the seller owns it and that it is free of encumbrances, to zinc as a cheap substitute for lead in flat-roof coverings in Victorian times.

I would have liked to have seen information on listing and gradings for architectural importance, as well as a bit on lordships of the manor. There is information on wattle and daub, clay and horsehair filling used in the construction of old half-timbered houses, but nothing on modern timber-frame. The book sells at £2.75 from Mr Minchin, Reeds Rains, The Bullring, Northwich, Cheshire.

● Mr Lesley Vickers, a London solicitor, has revised the excellent *Buying a House or Flat* (Penguin, £2.50). It is an easily comprehensible guide which includes the changes resulting from the 1984 Finance Act and the introduction of Miras, Mortgage Interest Relief at Source.

Chartered accountant, David Rothenberg's *Alliance Guide to Tax and your Home*, £7.95 from the Alliance Building Society, Hove Park, Hove, Sussex, answers such questions as whether tax has to be paid on the sale of a garden, on lodgers, and what is classified as improvements. If you want an up-date on any budget changes and a personal reply to a problem, add £11.50.

June Field

How to pave over patio pitfalls

Charles Batchelor recounts the lessons of tackling his backyard without professional assistance

IT WAS only when piles of rubble in the backyard reached the level of the kitchen window sills that I realised what I had taken on.

With a small family and large mortgage to support I had decided to do some of the work of improving our Victorian semi myself. In June, my wife suggested that perhaps now was the time to tackle some of the outside jobs—like remodelling the patio. The previous owners had installed one in a combination of pink and green paving blocks.

They had neglected to take into account the damp course covered by the paving. They had also built it on a level with the lawn, leaving an awkward and ugly step at the corner of the house.

The answer was to lower the patio 9 in to expose the damp course, make the patio level with the yard and improve the look of the garden.

We also planned to extend the patio area sideways round the back of the shed to give a sheltered al fresco dining area.

The hard core and sand were already there. It was simply a case of removing the layers of paving stones, sand and hard core, taking out a 9 in layer of the underlying clay, and replacing the patio. Two weekends work, I thought.

By the second weekend piles of hardcore filled the back yard and I was only halfway through. Doubt set in. Should I have left this to the professionals? A neighbour had been quoted £1,000 for a similar job.

The answer was a skip. A quick call round a few skip-hire companies produced a 6 cubic yard container, the standard size, to be delivered the following Friday. Did I have a licence for the skip?

If it was going to stand in the road I needed a licence from the local council. This was easier than it sounded. A call to the council offices produced the promise of a licence number—all that was needed—if I called back on Thursday.

By Monday the skip was full and I still had nearly half the clay to clear. Another call to the skip company produced a replacement skip within an hour. The clay removed, the hardcore went back into the hole, with a 2 in layer of sand on top and then the paving stones.

Lessons emerged from the patio project:

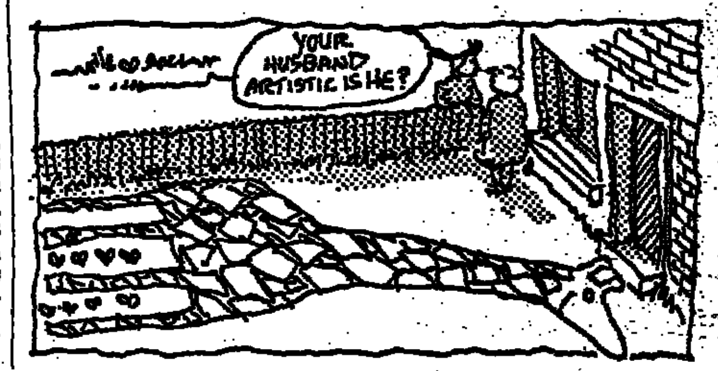
● Work out how much time the job will take and the disruption it will cause and then double both estimates.

● Tell your local builders' merchant or DIY store what the job is and let them estimate how much sand, cement and so on you will require. It may appear more than you think you need but they are usually right.

● Do not underestimate your partner's ability to make irritating suggestions. Don't underestimate your partner's ability to make useful suggestions.

● I had most of the materials I needed for the job but paid £84, including VAT, for the hire of two skips, £23 for 0.6 cubic metres of sand and a bag of cement, and about £9 for the hire of a wheelbarrow and staging (to get the barrow up to the level of the skip) for a week. I borrowed a friend's wheelbarrow most of the time, only hiring for the really heavy work.

● If I had had to buy the paving blocks they would have cost me £188 for the "natural" type and £239 for coloured blocks (from my local garden centre) to cover an area roughly four by five yards plus the triangular extension. I needed 97 full and 20 half-size blocks.



• MOTORING •

Stuart Marshall endorses the new mid-size Mercedes range as Car of the Year 1986

Mercs of perfection

IF THE new Mercedes-Benz mid-size 200 to 300 range of saloons is not chosen Car of the Year 1986 in a few weeks' time, I shall suspect the international jury of having been got at.

When I tried a selection of the cars late last year in Spain, from the 200 diesel to the 300 fuel-injected petrol, I described them as everything a discriminating motorist could ask for. Nearly 1,500 miles at the wheel of a new 230E on mainland Europe and in Britain last month confirmed my opinion.

The cars replace the former 200 to 300 models, which were the most successful products Daimler-Benz ever made. More than 2.4m were produced between 1976 and the summer of 1985 and they were all things to all men who could afford them. The 200D, 240D and 300D became Europe's favourite taxis. Yet the petrol-engined models, especially the twin overhead camshaft, in-line six-cylinder 280E, were sought after by business motorists who demanded high performance and ease of driving but rated dependability over high mileages most important.

Nearly 60,000 of what Daimler-Benz called the W123 range were sold in Britain, including the estate car and two-door coupe versions. Few cars have been more impatiently awaited than their right-hand drive successors. They arrived in time for Motorfair at Earls Court. The first consignment is in the showrooms. Most have been sold to buyers wise enough to order months ago.

The new cars (codenamed W124) have been available in some left-hand drive markets since January. Well over 100,000 have already been sold. They, and the compact 190 models, have allowed Daimler-Benz to beat a West German car sales recession. While the domestic market as a whole decreased by 8 per cent, sales of Mercedes-Benz cars went up by nearly 20 per cent. Could there be a better recommendation?

British buyers will have a choice of four petrol-engined cars and two diesels. The former are the 200, with a carburettor engine; a fuel-injected four-cylinder 230E; and in-line six-cylinder 260E and 300E models, also fuel-injected. The diesels are a five-cylinder 250 and a six-cylinder 300. The 200D is not being brought into Britain because the 190D with the same engine is not a sparkling performer and the larger 200D is somewhat lethargic. Good as a taxi, but not for the British businessmen who buy so many Mercedes-Benz cars.

All the new cars have power steering and central locking, tinted glass and cloth trim. Prices range from £12,500 for the 200 to £17,840 for the 300E. The diesels are £13,790 for the 250D, £15,600 for the 300D. The four-cylinder petrol cars and both the diesels have a five-speed manual gearbox. Automatic transmission is £658 extra. If you insist on shifting your own gears, a manual box is a no-cost option on the six-cylinder cars but I really cannot imagine who would want it because the Daimler-Benz four-speed automatic is extremely good.

The 230E matched my mood perfectly, whether I was trying to drive economically or exploit the freedom of the de-restricted autobahn. It would change into top at 30 mph when I was trickling along, hold third to 80 mph when I was hurrying. A finger flick of the selector between third and top and down again is like making perfect clutchless gear changes.

Power output ranges from 109 bhp in the 200 to 188 bhp in the 300E and maximum speeds from 117 mph to 141 mph. I tried a 200 for an hour or two, mainly on the autobahn. It cruised very quietly but felt almost excessively highly geared. Off the autobahn, on winding country roads, one was in fourth, even third, for much of the time and felt that the car was overgeared, underpowered or both. It would not suit the impatient driver and the official figures suggest that the 230 would be just as economical.

My petrol consumption from Kent to Frankfurt and back was 29 mpg, a reflection of sensible gearing and effective aerodynamics. At speed, the 230E was so quiet, one had to look at the speedometer to see if one was doing 70 mph or 110 mph—the mechanical and wind noise was the same. The enormous single wiper jumps about on its spindle as it sweeps to and fro, poking the blade into the corners of the screen for better visibility than twin blades provide. The airflow round the car tends to keep the rain off the side windows. An incidental benefit is that the body keeps unusually clean.

It could, I suppose, be said that the Mercedes-Benz 124 range has a heart but no soul. The cars satisfy with their efficiency but inspire respect rather than affection. But how many buyers put character before efficiency?

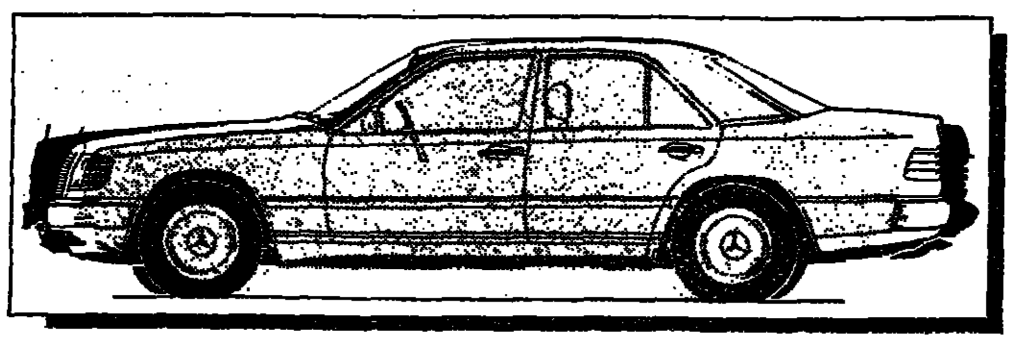
The use of 65 series, low profile tyres on all the new cars (and on the latest 190s) makes them steer more sensitively and hold the road securely at higher speeds than most owners will use. There is still more tyre noise, especially on coarsely textured surfaces, than one finds in other cars of that price. This is a West German characteristic: as are seats that are firm to the point of hardness. The 230E gave me no aches after hours in the driving seat but it was a wonderful relief to sink into a soft chair at journey's end. Seats can be orthopaedically correct without hardness; ask any Volvo or Saab owner.

The five-link independent rear suspension gives marvellous handling but an occasionally restless ride. Rear passengers are constantly aware of the suspension on all but perfect roads, as in Ford Granadas a few years ago. On the autobahn, I hardly noticed this wriggle; but this changed when I sat in the back down the winding lanes of Sussex. When Rover launched the SD-1 3500, it was clear it had concentrated on handling to the detriment of comfort. Has Daimler-Benz done something similar with the W124? I think it might have done, though to a lesser degree.

But that, and an inadequate rearward view due to the high boot when reversing, are the only real criticisms. Oh yes, and those seats. Otherwise, I rate the W124 cars the highest expression of contemporary automotive engineering. They have no fancy electronic instruments or anything unnecessary. Everything works with precision. They are economical for their size and have a large boot.

Motoring in a Mercedes-Benz is more about efficiency than excitement. A motoring buff may dismiss the W124 cars as bland on that account. But the businessman who depends on a car to be instantly available at all times, comfortable and swift on long journeys, nimble in town and serene at speed will find little to fault. After several hard-worked years, a W124 should command a satisfactory price. I can think of no other car offering such benefits. That is why I think it must be Car of the Year 1986. By the end of next month, I shall know if the jury agrees.

Flush glass and flowing lines make the new Mercedes aerodynamically efficient. The high tail provides a large boot



The new Mercedes W124 is virtually the same size as the model range it replaces. As the overlay shows, it fits between the big S-class (solid black) and the compact 190 series (tone)

BRIEFS

AS ALPINA is to BMW, so Bitter is to General Motors. Former racing driver Erich Bitter, bent on creating distinctive looking luxury cars using mechanical components from a major manufacturer, set up shop in Schwelm, West Germany, in the early 1970s. His elegant creations, based loosely on the Opel Senator and Monza but with hand-built bodies, have been regularly seen at international motor shows ever since. Now they are available in Britain through Bitter Cars UK (tel: Chesterfield 451800). The price of exclusivity is never cheap. The 3.9 litre Bitter Sports Coupe is around £39,000.

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IF YOU draw the line at dirty dogs sitting on clean car seats and have a saloon, not an estate or hatchback, Multi-Cover—from about £13 at accessory shops—is the answer. This 4 ft 6 in square reinforced plastic sheet covers the back seat of practically any car. Useful, too, as a luggage cover, for the load space of an estate used to carry a mucky load or as a groundsheet for picnics.

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FOR THE extrovert with deep pockets, Excalibur cars have reached Britain. The Series V is two and a-half tonnes of V8 engined convertible, styled like a nightmare pastiche of pre-World War II Mercedes-Benz SSKs and similar machines and costing from £67,000. John Hopkins (tel: 061-941 2411) can arrange private imports. This serpentine exhaust-piped carriage for showoffs could be a good investment. Earlier ones have sold in the U.S., where they are manufactured, for twice their original price.

MOTOR CARS

RESIDENTIAL PROPERTY

ART GALLERIES

EXHIBITIONS

PERSONAL

CLUBS

Lucia van der Post on successful safaris

The Africa that was

AS AUTUMN wraps itself around the towns and cities of Northern Europe some people's thoughts turn to snow and ice but others begin to dream of the vast lion-coloured plains, the forests and rivers that lie beyond the Sahara.

Even to the most metropolitan European there is still something about the idea of a safari that sends the blood tingling through the veins, something about the very word Africa that conjures up those epic days of the *ivory-hunters*, of Selous and *Cornwallis-West*, of Baines and Stevenson-Hamilton.

If it is this vision of Africa that excites you then waste no time—it is still possible to catch glimpses of the Africa that-was. Everywhere the large animals are threatened but the game parks of Eastern and Sothern Africa are their last refuge and it is to these parks that the first-timer should head.

The "big-five" (elephant, lion, buffalo, leopard and rhino) are what the first-time tourist longs most to see and if you go with one of the experienced tour operators you are unlikely to come away disappointed.

There is still little in the world to compare with that first glimpse of an iron-grey shape through the trees, with the sight of a torpid lion, replete after a kill, lying in the sun, or with a rare spotting of a leopard under a tree

And if you are lucky and come upon a great company of elephants moving like a well-disciplined army through the bush you will soon see why even old-hands never fail to be moved by what one called "one of the greatest sights a man can see."

Hunters gathered around an evening fire will still debate which of the "big five" is the most dangerous of them all (a general consensus seems to lean towards the leopard) but anybody with any sense learns to treat them with great respect.

Most of the better-known parks harbour all five animals, though the hardest to spot is always the leopard. On the established tourist routes the animals have become used to the sound of Land-Rovers chuntering through their territory and with care can be approached quite closely.

As for elephants, the charming small and varied Manyara Park in Tanzania, has the largest concentration in the world. Around Letaba in South Africa's Kruger Park you can nearly always be sure of seeing great armies of them moving about on the open plains.

I have personally been unlucky with lion but have had most luck in Serengeti, where once we came upon a whole clan lying idly in some shade. Though we drove up right beside them not one moved and we could see the raw, red blood on their faces and a wretched carcass nearby. (These sightings are not for the squeamish for, as somebody once said, the business of the country is death and sex.)

Rhino are possibly the most threatened species of the big five and neither in Tanzania nor in the Kruger National Park have I ever seen one. Possibly the highest concentration in the world of white and black rhino is now to be found in South Africa's lovely wilderness area in the Umfolozi game park where concerted efforts to save and foster them have been made.

Leopard are shy and it is a rare treat to come upon them—I went through a whole trip in Tanzania without once spotting any but just a month ago saw a pair outlined clearly on a slope by the roadside in the Kruger Park.

Buffalo are everywhere and mightily to be feared, particularly if they are alone or in groups of two or three. There is a vast herd that lives on the plain in Manyara, just close by the savannah and the forests that harbour the elephants.

Though the "five" never fail to thrill, later one comes to look for all the smaller creatures in the bush, the insects, the snakes, the fish in the rivers and the birds—above all, the birds.

For a first-time safari the most important ingredient, in my view, is to go with a knowledgeable guide. For the experience to have much meaning it is not enough to see a lion; you need to learn its habits, and discover how it catches its prey (it is, you will be surprised to learn, one of the least efficient predators and often fails to make a kill, and has never learned to track its prey down-wind).

This is why I would not recommend a self-drive safari until you are much more at home in the bush and can spot animals and birds and recognise their habits for yourself. Go with an established operator who provides the tents or lodges, the Land-Rovers and the guides.

There are *now* safaris to meet almost every taste. Personally, I like to travel light since I find the elaborate trappings so many consider essential something of an encumbrance. You can, for instance, dine in evening-dress and black-tie on a luxury Abercrombie & Kent safari that takes in the Samburu, Lake Nakuru and the Masai Mara, in Kenya.

There is, however, a growing taste for old-style safaris, with insect-proofed tents as opposed to lodges and hotels, and eating out-of-doors round campfires. Hayes and Jarvis and Abercrombie & Kent both will take you on one of these tours or put together a tailor-made version to suit you and your party.

Now that the border is open between Kenya and Tanzania, Abercrombie & Kent are again offering a safari that takes in both countries. Tanzania offers the unforgettable sights of the Ngorongoro crater and that great golden plain stretching, it seems, to the end of the world, that is called Serengeti. But you may stay there only in the approved government lodges and be driven in the official mini-buses.

Kenya can offer more variety in the manner of safari—there are tented camps as well as lodges, you may walk on foot, or go by camel. And in the Samburu you can see four animals that are found nowhere else in the world — the reticulated giraffe, the Grevy zebra, beisa oryx and the Gerunuk gazelle.

If Africa gets to you then one day you will have had enough of the packaged groups, where you cannot stray from the enclosed camps and then you may want something a little different. A foot safari may be the answer. Let no one, however, be mistaken, they are potentially dangerous and in certain areas, such as the Mara due to the gathering of large buffalo herds, have been forbidden.

However, if you go in a proper frame of mind with an expert guide, if you are prepared for the discipline and the fact that you see less game (for you cover so much less ground) then you will be richly rewarded.

Today you can walk in the Selous in Tanzania or in the Luangwa valley in Zambia (where Ecosafaris and Abercrombie & Kent will arrange it for you), in certain areas of Kenya (I did a lovely walk with camels to carry the baggage along the Uaso-Nyiro river).

You can take a canoe trip down the Zambesi and look at the wildlife on either side. You can go into the heart of Botswana and paddle your own canoe through one of the last great wildernesses of the world, the Okavango Swamp.

Then you will begin to see what the old Africa hands meant when they said that above all it was the sound of Africa that haunted them. In the dark night you will understand why the Masaai have a saying "the night has ears."

When to go depends very much on what you want to see. For most of Kenya and Tanzania the best times are November to March. If you hope to see the legendary migrations of the plains animals along the ancient routes, with the predators loping along behind, then try northern Tanzania in June and the Masaai Mara in July and August. It is hard to time exactly because the migrations depend on the rains.

In South Africa it is best to go to the Kruger National Park or the private parks along its border in their winter (that is June, July, August).

In Zambia, August to September are the best months—from October onwards it gets very hot in the Luangwa valley and only two camps remain open and the game viewing is restricted.

Zimbabwe is good all year round with possibly June to September being the optimum time. For Botswana, it is best to go in June and September for the game but in the green or rainy season, November to February, if birds are your chief interest.

FURTHER INFORMATION: Abercrombie & Kent, Sloane Square House, Sloane Street, London SW1; Kuoni Travel, Kuoni House, Dorking, Surrey; Hayes and Jarvis, 200 Sloane Street, London SW1; Ecosafaris, 146 Gloucester Road, London SW7. Also, write to the national tourist boards of the individual countries, all of which have excellent tourist information.


Glyn Genin

The expanse of Africa's game parks and their exotic animals, such as this pair of zebras, still exert a powerful pull on the imagination

Arthur Sandles on the delights of ornithology

Strictly for the birds

LAST MONDAY, I sat beside a lake in northern Tanzania watching hippos at play. As the sun settled a little nearer the hills and mountains, less welcome creatures began to emerge such as small, biting, flying midges. But they were followed by another of nature's armies — the air was suddenly full of swallows, sweeping and cavorting.

It would be nice to think these fast-moving creatures were the same ones to which I had said farewell only a couple of months ago in deepest Wiltshire. The ornithological arguments are probably against me, but such is the stuff of which dreams are made.

The past few weeks have seen the bird-watching season at its peak as northern hemispere migrants move off to their winter feeding grounds and their southern counterparts prepare for the nesting season. While bird-watching perhaps lacks the glamour of big game safaris, it has an intimacy that compensates.

If you are in strange climes, the watching starts immediately. No need of Range-Rovers and long treks; colourful creatures will skip around the airport arrival terminal and seek food from your hotel breakfast table.

On the other hand, there is no real need to travel vast distances either. In the autumn and winter a whole new array of birds arrive on our shores, particularly sea birds, ducks and geese.

Getting started is quite a game; its that old assistant to late developers, the Earnley Concourse, is offering some help over the coming months. Earnley is designed specifically to help adult learners, dealing with everything from computers to bridge. It has four bird courses in the next few months.

The first is next weekend (at the time of writing, there were still some vacancies). "Birds and their Habitats" runs from Friday evening until late Sunday afternoon, with field trips on Saturday and Sunday. At the end of November Earnley is offering "Birds for Beginners," with "Wildfowl and Other Winter Birds" in February and a general "Looking at Wildlife" at the end of March.

For the casual or serious enthusiast, there is little doubt that the happiest hunting grounds for birds tend to be islands.

Shetland and Orkney are among Britain's best areas for sea birds, although the winter is not to be recommended for other than the most hardy and dedicated of "twitchers," as they are known.

In more balmly settings the islands of the Indian Ocean (notably the Seychelles) can have so many birds that they fill the air like clouds at times. In the Pacific, there is a huge traffic of bird life around Micronesia and Melanesia and right down to the Barrier Reef. Such is the array of birds on the numerous islands of Indonesia and the Philippines that no one is really sure quite how many varieties there are.

Further information: The Earnley Concourse, Earnley, Chichester, Sussex PO20 7JL; Ramblers Holidays, PO Box 43 Welwyn Garden City, Herts AL8 6PO, which offers holidays of particular interest to bird-watchers in southern Spain and Bengal (southern Spain is a bird wonderland); Bales Tours, Bales House, Barrington Road, Dorking, Surrey RH4 3EJ (look particularly for the Galapagos and South American tours); Sun Supertravel, 22 Hans Place, London SW1 (see Bird Island page); Silk Cut Travel, Meon House, Petersfield, Hampshire GU32 3JN (several safaris and Bird Island). It is also worth looking at other long-haul brochures such as those from Kuoni, Speedbird and P & O Air Holidays.

Glyn Genin visits Kafue National Park in Zambia

Fair game—night or day

THE NEAT cluster of thatched huts in the Zambian bush, could easily be the last outpost of some long forgotten colonial army. The Spam and salad lunches and steak and chips suppers prepared by a grey-haired African cook in a spotless woodfired kitchen would do credit to any regimental mess.

It is not gourmet cuisine or luxurious accommodation, however, that attracts visitors to the Kafue National Park, but the prospect of some of the best game viewing in Africa.

The Kafue is a tedious 3½ hour drive from Lusaka, the capital. About the size of Wales, the park has lodge beds for fewer than 100 tourists. There is little to see along the dead straight Great West Road. Swinging north on an ungraded dirt track towards the river, game appears gradually — a warthog here, a lone waterbuck there, small groups of antelope, the occasional elephant.

The best time to arrive at Lufupa, perched on the bank of the Kafue river, is early afternoon. There is time for a late lunch and an iced beer before setting off on a sunset game drive along the Lufupa river which flows into the Kafue a little above the camp. In the dry months, June to the beginning of October large concentrations of plains game congregate close to the rivers, arriving in the late evening to drink. Elephants are on hand and, with luck, some of the Kafue's dwindling number of black rhino.

Zambia, unlike most countries, allows game drives at night. Here Mohammed "Map" Patel, who with his brother Yussef operates the lodges in the northern Kafue, comes into his own. The big cats feed at night and Map is an expert at finding them. Armed with powerful halogen searchlights he will habitually find leopard and lion making a kill.

After lion, leopard, elephant, and rhino, the African buffalo is the animal most people want to see. The Busanga Plains, an hour's drive from the lodge, are home for a herd of about 2,000. Curiously timid—not at all like the descriptions in Hemingway and Ruark—the herd tends to distance itself from visitors, with only a few of the larger bulls making threatening grunts.

While there is no tribal dancing for tourists or a Hilton Hotel in the game park, the unspoiled, underdeveloped Kafue, and 17 other game reserves more than compensate.

For further information on the Kafue contact: Busanga Trails, POB 31322, Lusaka, Zambia, or the Zambia National Tourist Office, 163 Piccadilly, London, W1.

HOLIDAYS & TRAVEL

Anthony Thorncroft questions saleroom tactics

Bidding too high

THE CLOUDS are gathering over the leading auction houses, in particular Sotheby's and Christies, and one London dealer says it all comes down to "greed, greed, greed." "They are competing insatiably for every work of art coming on to the market, promising potential sellers prices that they cannot always deliver just to make sure that their rival does not get the property."

Suddenly Sotheby's and Christies, the great success stories of the last 15 years, look vulnerable. In 1970 Sotheby's had a turnover of £35m; last season it was £500m. Christie's is up from £15m to £337m but this growth has been achieved partly through some questionable practices.

To make matters worse for the auction houses, they have marketed themselves so successfully, especially in the U.S., that failure to maintain quite extraordinary growth levels creates doubts. Too much rides on the back of the American economy. If this falters, prices could come crashing down, in the main because to keep the wheels turning the auction houses have been hyping works of art, especially Impressionist and modern pictures, which are not of top quality. It is generally agreed that masterpieces will hold their value whatever the strength of any recession.

Until recently dealers have been restrained in their criticism of Sotheby's and Christies. The auction houses may have taken away much of their trade in recent years but they have also become the main source of their supply of works of art. Now dealers have regained their confidence because the salerooms are reckoned to have pushed their good fortune beyond the limit. As a result, both in London and New York, there are governmental investigations into the practices of the auction houses.

What are the main grounds for complaint? An obvious one is the question of reserves. To make sure an object is not disposed of at a derisorily low price the auction house fixes a reserve on it, withdrawing it from sale if the reserve is not reached. But this leads to the auctioneer taking bids "from the chandelier," pushing the price up to the reserve if there are no genuine buyers. Sometimes the reserve can be increased at the last minute if the auction house thinks it can suddenly squeeze more bids from the room. The announcement during bidding of the moment when the reserve price has been reached could settle this problem.

Another cause of complaint is the salerooms' tolerance of the convention that its experts can bid at its own sales—they may find it hard to offer impartial advice to a prospective buyer if they have their eye on the same object.

Most of the criticism focuses on the ability of auction houses to act in the best interests of both seller and buyer. At one time they were only paid a commission by the vendor, but, seizing an opportunity to boost their incomes, the auction houses introduced a 10 per cent buyer's premium in 1976. The dealers fought this bitterly but failed to mount a collective boycott of auctions. Now the premium has become the main source of income for the salerooms.

How can they justify the premium? What service do they offer the buyers? Can they offer a service to the buyers which does not conflict with their service to the sellers? The introduction of the buyer's premium marked a souring of the relationship between the salerooms and their main customers (and suppliers), the dealers.

Another contentious issue is the small print in catalogues—do the auction houses give a guarantee on the authenticity of works of art? If they say a painting is of the school of Caravaggio and sell it to a dealer for £5,000, who is then able to prove that it is the genuine artcile and sells it to a museum for £1m, can the vendor get redress from the saleroom? In practice the auction houses try to settle such matters behind the scenes, their favoured way of doing business. There is very little case law dealing with auctions and there have been few recent court cases.

While dealers and salerooms operated a small cosy world the absence of enforced regulations hardly mattered, but since the public has been encouraged to participate, old practices must change. It still affronts the casual observer when an auctioneer knocks down an item to a quite imaginary name, giving no indication at all that the object has been unsold.

It might be rare for an auction house to lie deliberately about the results of a sale, as in the case of the former chairman of Christie's, Mr David Bathurst, who gave a much rosier view of the fortunes of an Impressionist sale in New York than the facts justified, but the salerooms do parade the successes and remain mute about the failures. The image they offer is that works of art have proved a good investment and there is no reason why this happy state should change.

But markets decline, and the encouragement of new investment money in the U.S. makes such a downfall more likely. The acquisition of Sotheby's by Mr Alfred Taubman, an American *nouveau riche* who also bought art, changed its methods of doing business. He is actively persuading his fellow new rich to invest in art as they might in Wall Street. He has also invited on to his board some of the richest men and women in the world, including Mrs Ann Getty and Baron Thyssen, in itself a questionable tactic since they are also leading buyers.

Even more dubious is Mr Taubman's own buying. At the Gould sale of Impressionist pictures in New York in April, at which Sotheby's invested more than $1m in promotion to secure rich first-time buyers, the second most valuable picture, Toulouse-Lautrec's "La clownesse," was bought by Sotheby's chairman for $5.28m and there are rumours that other lots offered ended up with Sotheby's directors. Was this shrewd buying, or action design to reassure potential buyers that Impressionists remain a good market?

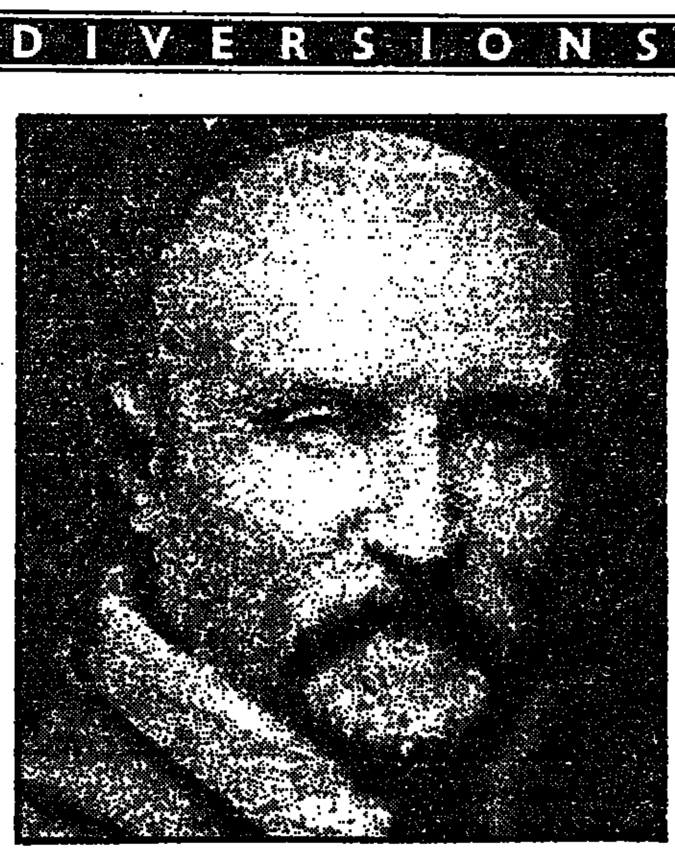
Another doubtful practice is the purchase by a saleroom of a property which it then sells through its own auctions: Sotheby's has done this publicly with the Honneyman books, and there are other instances. Dealers object to the salerooms matching their offer price of say $250,000 and then guaranteeing a percentage of any sum made over that at auction.

Of course the dealers are far from perfect. They indulge in rings, especially in the provinces, and they club together to buy, partly because of ever increasing prices, without notifying the auctioneer in advance, as they should. They have very high margins and a glance at their balance sheets reveals substantial profits and generous salaries. They also live off the salerooms that they criticise—buying, in markets like silver, Old Masters, and rugs and carpets, most of the lots that come under the hammer.

They contribute to the dangerous speculative under-tone of the trade by accepting credit from the salerooms—a large dealer can be running up a £500,000 overdraft with an auction house and, in a crisis, might find himself paying it off by sending goods for sale through that same house.

It is doubtful whether the current investigations, by the Department of Trade and Industry and Westminster City Council in the UK, and by the Attorney-General of New York State will do much more than devise an unenforceable code of conduct.

It could take a collapse in the price of the second-rate goods, precipitating the disappearance of speculative buying, to return the buying and selling of works of art to an activity for the connoisseur.



Art market prices have rocketed in recent years. This bust by Bernini is valued at £4m and the Victoria & Albert Museum is trying to keep it for the nation.

Archaeology

Amateurs dig in

THATCHERISM is reaching the trenches. The great amateur tradition in archaeology, which stretches back to the 17th century, seemed less important in the 1970s as many public jobs were created to cope with the demands of rescue work. But now the amateur is making a come-back.

From the dozen digging Roman kilns at Brampton, Norfolk, to the 889,000 who visited the Jorvik Viking Centre in York in its first year, people are needed and welcome. For those who want to do something more than watch there are many oportunities. But the paid jobs are few. As with Mrs Worthington, the first advice to prospective graduate students is "Don't. . . ." But if you are not looking for employment there is so much to do, provided your independent standards are—unlike on the amateur stage—truly professional.

Amateurs began archeology. They were the antiquaries of the 18th and 19th centuries, and earlier. Camden's Britannia came out in 1586. It included the first illustration in an English archaeological work—a matter of note because usually in archaeology the pictures are more important than the text.

The Society of Antiquaries has minutes dating back to 1717 and had its Royal Charter in 1751. It is still a blend of the paid and unpaid. The antiquaries wrote county histories, set up county societies and museums, and excavated. Some had excellent standards, such as Thomas Jefferson who did the first scientific excavation in America, of an Indian burial by the Potomac. (Here, the urn burial that Sir Thomas Browne contemplated a century earlier was of the Bronze Age Beaker culture.)

In the later 19th century standards improved as scientific order and precision became integral parts of the work. In general this process has continued. There were few paid jobs then and much was still the preserve of the rich—such as Sir Arthur Evans at Knossos, or Alexander Keiler of the marmalade family at Avebury, or Hetty Goldman (as in Goldman, Sachs) at Tarsus—or of the comfortably off, like the father and son doctors Eliot and Cecil Curwen who recovered much of the archaeology of Sussex between the wars.

Sir Mortimer Wheeler, who was Keeper of the London Museum from 1926-44, pushed both populism and professionalism. He had many volunteers and masses of visitors at Maiden Castle in the 1930s. He saw the great need for proper training and standards, and thanks to his energy and vision—and that of his first wife Tessa—the Institute of Archaeology was launched in London in 1937.

After the war, archaeology began to grow at universities, while the rebuilding programme meant some publicly funded jobs for excavating before redevelopment. By the late 1960s all the resources that could be mustered, public and private, could not cope with what was being lost, and it was not till the 1970s, with the vigorous prodding of a group called Rescue that local government jobs came. These employers saw themselves as professionals and their scorn of the amateurs led to resentment.

At the core of the matter is an old evaluative/descriptive muddle between professional and occupational. But the tide is turning again and there is found to be room—and need—for everybody. A recent Congress of Independent Archaelogists at Cambridge was a sign, the success of the Jorvik Viking Centre and of the Mary Rose Trust, and happy collaborations between developers and diggers in the City, are others.

There is something for everybody. Pushing wheelbarrows or using penknives on an excavation are only part of it. Drawing, planning, photography, fieldwalking, guiding, virtually any technical application of any science, research in the library or record office, cooking, and putting up a tent are all valuable.

I have found that anybody who is willing to learn the method and generally make an effort will contribute quickly.

If you are interested in this form of mental and physical exercise, the local societies are the best place to start. My first excavation was with the Brighton and Hove Archaeological Society on an earthwork near Ditchling Beacon when I was a schoolboy. We dug for a fortnight and found one sherd and cut what I hope were clean sections in an attempt to date the monument.

If you do not know where your local society is, ask at your local museum or look at the list (with addresses) in Whitaker's Almanack, which also has sections on the previous year's discoveries and on new museums. The calendar of excavations and training schools published by the Council for British Archaeology is also helpful.

Funds are a perennial problem, and donations are welcome. Even here, times are changing, with the Lloyds Bank Equipment Fund, with small grants for local groups and the Lloyd's Bank Dating Fund, to help a lucky excavation with the considerable costs of carbon or other sorts of laboratory dating.

The most remarkable story of how private enterprise works for archaeology is the Jorvik Viking Centre in York, which was opened last year. Guided by Mr Peter Addyman (archaeologist) and Mr Ian Skipper (businessman), it grossed £2.3m in its first year and made a profit of £789,000, which was used to start repaying a loan of £2.5m from seven banks led by N. M. Rothschild. The full story is much longer, but it means that in a few years the archaeology there, including the expensive work in laboratories, will be self-sufficient. In the meantime there are still appeals for funds.

Gerald Cadogan

Antiquarian Books

Junius . . . busting out all over

NOBODY has discovered who Junius was. At the last scholarly count, 61 names had been put forward excluding frivolous candidates. Nobody has ever totalled the works which argue the competing claims, a vast collection of which has been accumulated in the Godrington Library at Oxford.

At least five different works called *Junius Discovered* appeared between 1789 and 1872. We have had *Junius Identified, Junius Elucidated, Junius Revealed*, and *Junius Unveiled*. The *Junius Bibliography* is itself a substantial volume, and if speculation continues on its present exponential course we will soon need a guide to Junius bibliography.

The first letter signed by the pseudonym Junius was published in the *Public Advertiser* in 1763. His period of influence lasted exactly three years during which he wrote 60 letters. Each one was a political event and sales of the *Advertiser* soared. When it was made known in December 1769 that Junius was intending to write an open letter to the king listing the failings of his ministers, the print-run was raised from 3,000 to 4,750 copies.

Eventually Junius himself published a collected edition of his letters in two volumes which was reprinted many times. He sent detailed instructions to the printer, still signed Junius, acknowledging the genuine letters and disowning the impostors.

Like many authors he was fastidious about his work. "I weigh every word" he warned, "and every Alteration in my Eyes at least is a blemish." Copies of *The Letters* are still common. You often find them interleaved with portraits of the politicians he lambasted.

The art of political abuse has seldom been more pleasing. "It may be candid to suppose that he has hitherto concealed his talents," Junius wrote of Lord North, "intending perhaps to astonish the world when we least expect it." "If I were personally your enemy" he wrote to the Duke of Grafton at the time of his resignation, "I might pity and forgive you. You have every claim to compassion that can arise from misery and distress, but such an object as you are would disgrace the dignity of revenge."

Junius's apparent familiarity with the inner workings of Westminster and Whitehall pointed to a highly placed insider. Ministers trembled with fear at what the next embarrassing revelation would be, although in fact most of Junius's scandals had already appeared in published documents before he splashed them.

The letters were delivered at the newspaper offices by a tall man wearing a light coat and a sword who threw them on the doormat and disappeared. Junius, it seems, whose success depended on speed and reliability, distrusted the post office, but whether the tall man was the author himself or a messenger was never established.

The manuscripts of some of the letters still exist, but comparing the handwriting with that of likely candidates has produced no result. Modern computer analysis of the imperceptible idiosyncrasies of style has done no better. The wells of truth, it would seem, have been irreversibly polluted.

The original Junius, Lucius Junius Brutus, had been so devoted to the stern public virtues of Ancient Rome that he ordered his two sons to be flogged and then executed in his presence. His successors in 18th century England were less scrupulous. Several prominent politicians put it about that they were Junius, dropping knowing hints in confidence, marking up copies of *The Letters* with puzzling clues — even letting slip the occasional deathbed confession.

At a time when an insult could lead to a duel, a number of suspects let it be known that they would not tolerate the direct question. John Horne, a radical MP, who tried his debating strength with Junius by answering published letter with published letter, was not entirely worsted. It was a sure sign, some of his acquaintances believed, that he had written both sides of the correspondence.

The author of *Junius Unmasked*, taking that argument a stage further, was sure the letters were written by Edward Gibbon. The fact that there was no evidence of any kind to support his hypothesis only proved how clever the historian had been in covering up his traces.

It is irritating to the historical profession that such a relatively straightforward puzzle cannot be solved. I am afraid that I do not know who wrote *The Letters of Junius*. I can say however that it is unlikely to have been Queen Victoria or Jack the Ripper.

William St Clair

Collecting

Wax factor for antique dolls

PURE East Indian wax, often one hundredweight at a time, melted in large vats in water heated to boiling point by jets of gas was the basic material from which wax dolls were made in 1876.

George Bartley of the Victoria and Albert Museum described at the time how the glass eyes went into their sockets, hair was pressed into the wax with a "stipple," something like a flattened needle. The face was smoothed and given a "severe brushing over the surface with violet powder, the effect of which is really remarkable."

Mr Bartley was reporting on the John Edwards' family factory in London's Waterloo Road, which also made composition dolls of papier mâché dipped in wax, the hair inserted through a slit in the head. It is not always easy to distinguish between what are termed poured wax dolls and the wax-over variety. A tip is to look under the shoulder blades to see whether the supports are of another materials.

Both types are now almost equally in demand, provided that they are well-dressed and their face and limbs in reasonable condition. But collectors are often slow to appreciate their virtues, admits Sotheby's Mr Bonny Campione. Prices had remained fairly static over the last few years, he revealed.

"Buyers tend to be drawn towards the more spectacular dolls of wood and bisque, a sort of unglazed white porcelain, which can fetch up to £1,000 or more. "Between £100 and £200 will usually buy a nicely kept mid-19th century wax doll. And they always sell, often to dealers who may well be stashing them away in the hope that they will prove a good investment for the future."

The publication this week of Mary Hillier's The History of Wax Dolls (Souvenir Press £14.95), should give a boost to this undervalued market. A well-presented, informative book by a long-time collector of antique dolls and toys, it discusses everything, from Horatio Mintorn's wax flowers modelled from specially prepared sheets of coloured wax re-inforced with fabric, to the waxworks of Madame Tussaud.

Bride dolls, Bloomer dolls dressed as Amelia Bloomer, the American reformer, fortune-telling gypsy dolls, Christmas fairy dolls and many royal dolls are illustrated.

Dolls to look out for are those by Lucy Peck (1846 to 1930), a butcher's daughter born in Islington, who married a pharmacist, Henry Peck. One of Mrs Peck's specialities was wax portraits of the young Queen Victoria, which she displayed in the windows of her "Dolls' Home" shop in Regent Street. It later moved to Kensington High Street.

Wax portrait doll of Madame Tussaud in the London Museum

Through interviews with Mrs Peck's grand-daughter Beatrice, Mrs Hilier is able to quote from old notebooks kept from the business. After 1914, wax dolls became unfashionable, although a few were being made, and early ones needed restoration.

The book documents such well-known doll-making families as:

- Pierotti, who invented the royal model baby doll with finger and toe nails engraved, and made models of King Edward VII and his generals.
- Montanari, who produced large dolls in poured wax and exhibition figurines, usually with heavy features and plump limbs with creases at wrists and elbow.
- Meech, whose dolls had strong sulky looks, fine eyes, tinted lips, and hands with closed fingers, dimpled knuckles and a life-line on one palm.
- March models were a pretty pink, little girls rather than babies, with erect heads and well-moulded ears.

Not all dolls are marked. Edwards' are largely unmarked, although the cipher E was used on a shoe. Mrs Peck's offspring usually had a name-stamp on the tummy. Two poured shoulder wax dolls of hers, c1880 to 1890, went for between £220 and £400 at Sotheby's London sale on October 1. A Lucy Peck Queen Victoria wax portrait doll, estimated at between £500 and £700, will be auctioned at Sotheby's Chester sale on Tuesday.

June Field

Frankfurt Book Fair

Word writ large and hyped

AN AUTHOR, unless he or she is German, feels as out of place at the Frankfurt Book Fair whic ended this week as a geologist at an Opec meeting. It is partly, of course, the sheer scale of the fair, a million sq ft of public display contrasting so obviously with the intensely private act of actually writing a book. Partly, too, it is a sobering realisation of the scale of the competition: 320,000 books on offer, 92,000 of them allegedly new titles, from 77 countries, and more than 6,000 publishers.

So McLuhan seems to have been wrong in prophesying the forthcoming disappearance of the written word. This is especially true for the Germans themselves. The fair means something different to the natives. When it restarted in the post-war rubble of the late 1940s it was a reaffirmation of the country's proud literary tradition, and even today it is a superb opportunity for the 1,746 West German publishers present to promote their wares to the book trade—and to the public which is allowed in every afternoon, mainly to gape at the hundreds of authors on display.

For the Germans it is also a chance to catch up with the latest products from the other side of the Wall. These vary from the obligatory, and, prominently displayed, propaganda efforts pledging eternal brotherhood with the Soviet Union to lavish picture books and musical scores emphasising the older traditions associated with Leipzig and Dresden. For publishing can never be totally dissociated from politics—this year there was the inevitable appeal for a "book bus" for Nicaragua, and Teddy Kollek, the Mayor of Jerusalem, gave a Press conference.

Oddly enough, in spites of the continuous private hype, there is very little public ballyhoo. There was a sheepish-looking chap in (plastic) Roman armour, but even he was promoting a rather worthy German volume on Polybius. Outwardly it is so serious that even the section devoted to calendars had nothing worth hanging on the average garage wall.

For the international publishing business Frankfurt is the one monster event they cannot afford to miss. No other international book fair can compete. I didn't meet anyone proposing to attend the international book fair to be held in Sofia next June, and even London has no single site able to cope with the sheer size of the international publishing business.

Like all such occasions, from the Cannes Film Festival to an American political convention, the participants depart each time in a state of alcoholic exhaustion, swearing never to return, and knowing perfectly well that they will. They will have spent their days seeing people (or, more often, missing them) every 10 minutes, trying to remember what they sold, or promised, to whom.

Veterans manage to pace themselves. "I've always been a peddler in copyrights," declared Paul Hamlyn, whose publishing empire is the second biggest in Britain, extending from Heinemann to Octopus books. "I've got 70 people here, but in the past—and I've been coming for at least 30 years—I never had a big stand. I exhibited in my hotel. I didn't want everyone to see what I was doing."

But his latest venture did give a tip to the competition. It is a reissue of the Oxford World Classics, to be sold in hardback at £1.99, thanks to being printed in China, a fresh low-cost source, since Hong Kong, which Hamlyn also pieneered as a manufacturing base, is becoming too expensive.

"In theory," he says, "I don't do much business. I see the same people for lunch and dinner every year, even if I'm not doing any business with them. It's more cosy that way. Mark you, some years ago a Mexican walked past my stand and that was the beginning of an enormous business in Central and Latin American which paid for the stand for 10 years."

That was the exception, which makes up for the slog (and the alcoholism). Most people spend most of the time trying to cope with the inevitable culture clashes. "This remarkable book," I heard a Spanish gentleman telling my editor, an outwardly prim English lady in severe gold-rimmed glasses, "is about sexual fantasies during pregnancy." To which the tactful British answer was: "Very interesting, but I'm not sure about that."

Yet despite the compulsive gossip, the search (unsuccessful this year) for a Book Of The Fair, the sheer air of unreality resulting from thousands of publishers and printers swilling about an enormous series of echoing halls, some business is actually done. I helped by publishers tie up a deal with French and American publishers on two books—one of which I have actually written. At least I think I did. But on the whisky-sodden TriStar back to London an old printer friend told me bluntly: "Remember, all deals struck at Frankfurt are invalid as soon as you step outside."

I wonder if this widely-accepted saw would stand up in a court of law. I know one group of publishers who almost certainly wish it would. One year the Book of the Fair was a life of Greta Garbo. Of course it hadn't actually been written and would not, in any case, be available until after the lady's death. I wonder if all the advances promised at Frankfurt that year were actually paid.

Nicholas Faith

Records

Scented sonatas

BEETHOVEN: Piano sonatas no 23 op 57 "Appassionata," no 7 op 10 no 3. Murray Perahia. CBS IM 39344.

BEETHOVEN: Variations and Bagatelles. Glenn Gould. CBS DC 40179 (2-disc album).

RAVEL: Gaspard de la nuit, Pavane pour une Infante defunte. Valses nobles et sentimentales. Vladimir Ashkenazy. Decca 410 255-1.

NYMAN: The Kiss and other movements. Michael Nyman Band. Editions EG EGED 40.

MURRAY Perahia's Beethoven piano sonatas are for those who like their Beethoven profoundly civilised and faintly perfumed rather than vividly, pungently searching. The manner, and the sonority itself, in his account of the great early D major sonata op 10 no 3 is bright and sparkling with vivaciousness. But we are barely into the first movement's development when a little group of dying cadences, such as those with which Perahia frequently caresses his Mozart, set alarm bells ringing. In Mozart, little expressive diminuendi can be pretty if they are not over-used; in Beethoven, especially where a phrase should press on firmly to the end, they are merely a mannerism, and weaken the tension.

The great largo slow movement emerges cool and smooth, in tempo a degree or two nearer adagio than largo, slightly too fast, though beautifully shaped. There is nothing nonchalent about the reading: but all the same it remains resolutely at a certain genial middle level of intensity. Nothing in its utterance surprises. Both the minuet and the finale are spun off with finesse and a perfection of charm; but there is no concentration of visionary, early-Beethovenian light and energy. There is much more fire in Parahia's Appassionata: indeed it is so well played, and with such obvious enjoyment and élan, that it seems almost churlish not to applaud. I do applaud; and yet note at the same time a nagging dissatisfaction. The finale is the most impressive, and comes nearest to achieving a real Beethovenian presence: a fractionally slower tempo would have lent still more weight.

Listening to Perahia's Beethoven side by side with the two-record reissue of Glenn Gould's early Beethoven variation sets (the 32 in C minor, the F major op 34 and the Eroica op 35) with the Bagatelles op 33 and op 126, dating respectively from 1970 and 1975, is instructive—and explains the unease more precisely, if not in words. There is more charge to any single measure of Gould's performance of the C minor Variations than there is to the whole of Perahia's op 10 Largo. Perahia's Beethoven is the sort that one would expect from, and generously admire in, any exceptionally gifted student. It beguiles, it sparkles, and has little concern for depth. Gould's is powerful, original, arresting—and leads the listener, for all its eccentricities, and often enough because of them, into the heart of the music. Gould's account of the op 126 Bagatelles in particular has a yearning intensity and purity which sets them apart from any other performance on record I know, except perhaps Schnabel's. This double-disc package is a treasure that should be on every music lover's record shelf.

For the first few minutes of *Ondine's* one's impression is that Ashkenazy's short Ravel recital (barely 41 minutes of music on a 12-inch disc) must be one of his best solo records for a long time. But after a little while, the performances are overwhelmed by their expressive middle-ground. The beauty of the playing is undifferentiated. So much is there, but something is not there: the sharp, incisive edge of a sudden Ravellian climax; the dark colours not just around, but within, a subsiding phrase. In such a context *Le Gibet* and the *Pavane* come off best—delicate, misty textures, unusually fine-spun. *Scarbo* is colourful, but there is no crystalline edge to the sound, which is always slightly softened, slightly feathered.

The composer Michael Nyman is impossible to classify; but if he must be labelled, then "minimalist" is not unapt—to describe his fascination, to the point of obsession, with the smallest musical cell and the tiniest musical gesture, each one subjected to a manically, microscopically focused variation technique. The resulting combination of macro-predictability with micro-unpredictability is an absolutely fundamental musical quality—here magnified out of all customary proportion. It can drive you crazy; it can also be curiously haunting.

Dominic Gill

In the Pink

Strong dose of common sense

DR JAMES SCALA *thinks that* scientific illiteracy is allowing quacks and charlatans to flourish on the fringes of the food business. As vice-president of one of the U.S.'s leading manufacturers, he might be expected to feel happy about growing public enthusiasm for taking vitamins and mineral supplements—but he is not.

It takes care and *informed* common sense to take vitamins *and minerals properly, he says.* The idea should be only to use them sparingly and for insurance purposes against unwitting deficiencies in the diet. Contrary to popular belief, he says that overdosing is not only possible, but can be very dangerous.

For example, some American women have been taking large *overdoses of* Vitamin B6 in the belief that it will lessen pre*menstrual tension. It may have* done, but it has also caused neuro*logical* damage.

The main natural sources of Vitamin A are fish, fresh vegetables and liver. It is impossible to consume an overdose through normal diet. But too many Vitamin A pills can soon build to dangerous levels because the body cannot eliminate the surfeit fast enough. The results include enlarged liver, joint pain, rashes, itchiness, loss of appetite and, in women, cessation of menstruation.

Vitamin D—the most common *source of which is sunlight*—has other toxic effects when *taken in overdose.* It encourages the body to absorb excessive amounts of calcium, *which the kidneys* then come under strain to excrete. Kidney *failure has been known,* but lesser symptoms include diarrhoea, headache, nausea and calcification of muscles as the body over-extracts the mineral from the bones.

"People assume that because vitamins are good for you in small doses, then even bigger doses *must* be even better. This is not the case," Dr Scala warns.

Dr Scala, who has been in London this week for a symposium on sports nutrition sponsored by his company, Shaklee, and the Central Council for Physical Recreation, is a biochemist who has specialised in nutrition for more than 20 years.

He explains how to understand dosage in his new book *Making the Vitamin Connection,* which has just come out in the U.S. *He expects it to be pub*lished in Britain next year. He *is very angry about the quacks* on the fringes, who exploit *general public ignorance of* scientific issues.

He said: "Scientific illiterates crave simple answers to complex health-related issues. They are more likely to embrace the 'works-overnight' cures of charlatans than the complex findings that emerge from universities and research hospitals.

"Anecdotal claims bombard us. In legitimate science, mere anecdote is never enough. For pseudo-science it is often regarded as sufficient. Part of this is due to presentation. Legitimate science *often* lacks the showbiz impact of pseudo-science and is likely to be ignored by the scientifically illiterate," he added.

Not that Dr Scala is guilty of confusing his readers. For his book is one of the clearest explanations of a complicated subject that I have ever read.

What matters overall, he *says,* is the total balance of vitamins and minerals we take in. *Modern, processed food* has largely destroyed the natural order provided by a balanced diet. So he recommends that people take about one-third of their daily needs as suplements.

Those made by any reputable manufacturer will do: the labels will give government-determined, scientifically-based recommendations that can be trusted. The rest of one's daily needs should come from *attempting* to follow a balanced diet.

But it is not *all about diet.* Shaklee's involvement in sport has enabled it to study athletes scientifically and has thrown interesting light on vigorous exercise, which can also seriously upset the vitamin balance, creating hitherto unsuspected needs for extra supplements.

Becoming chilled—say, after *ski-ing vigorously,* working up a sweat and then hanging *around for the next lift*—causes the level of antibodies in the blood — *our* resistance to infection—to fall suddenly. The speed at which they can bounce back is dependent on Vitamin C levels. So you *really* can catch a cold by catching cold—it is not just an old wives' *tale.*

Shaklee is nutritional adviser to the U.S. ski-ing team, the West German Olympic Federation and the British gymnastics and modern pentathlon squads. It also advised the 1985 British Everest expedition, and the 1983 German-American one.

Out of such sponsorship and support is likely to come a much greater, scientifically-based understanding of the human organism and how the right approach to nutrition can enhance our lives. But do not expect a miraculous, one pill-a-day, *solution* to achieve the best balance. Dr Scala believes that *understanding what you* should eat and why is the real key to getting it right.

Making the Vitamin Connection is published in New York by Harper and Row

Ian Hamilton Fazey


Hugh Routledge
Dr James Scala: angered by health food quacks

BRIDGE

BOTH today's hands are concerned with entry problems. Let us see how well the declarers overcame their difficulties:

N
♠ K Q 3
♡ J 10 9 4
◇ 5
♣ A K Q 6 5

W
♠ 9 8 4
♡ K Q 5
◇ K J
♣ J 10 9 8 7

E
♠ J 6 5 2
♡ 8 7 3 2
◇ A 6 4 3
♣ 3

S
♠ A 10 7
♡ A 6
◇ Q 10 9 8 7 2
♣ 4 2

North dealt at a love score and bid one club, to which South replied with one diamond. Over North's rebid of two clubs South said two no trumps, and his partner raised to three.

When West led the Knave of clubs, North's rebid suit, South *felt sure* he would have to depend on his own suit for the needed tricks. He had *sufficient* entries to set up diamonds, but he needed one more to enjoy them. Then he saw a ray of hope —if East had the spade Knave, he could finesse his ten for the extra entry.

After taking the opening lead with dummy's Queen, South returned the diamond and finessed the ten, losing to the Knave. West continued with the club ten to dummy's King, and declarer led the three of spades and finessed the ten. When this *held,* he played the diamond Queen.

West won and led a third club. South took with dummy's Ace, throwing his heart six, crossed to his spade Ace, and led another diamond to dislodge East's Ace. A heart was led back, the declarer won, and claimed his contract with an overtrick by means of three spades, one heart, and three tricks *in each minor suit.*

An excellent performance by *the declarer; but it was East,* in spite of his uninspiring collection of cards, *who should have* won the man of the hand award. Had he been alert, he would have played his spade Knave on dummy's three, destroying the extra entry.

Another rubber produced this:

N
♠ 7 6 4
♡ 6 4 2
◇ 10 9 6 3
♣ A Q 9

W
♠ 9 5 3
♡ 5
◇ J 7 4 2
♣ J 10 8 7 3

E
♠ A K J 8
♡ K 10 8 7 3
◇ Q 8
♣ 5 4

S
♠ Q 10 2
♡ A Q J 9
◇ A K 5
♣ K 6 2

East *dealt and bid one* heart, South doubled, and North said two *diamonds.* When South now said two no trumps, showing a powerful hand, North felt his two club honours justified a raise to three no trumps.

West decided rightly not to lead his partner's suit, and his choice of the club Knave led to an interesting situation. South saw he could make his contract with four hearts, two diamonds, and three clubs, but for the *heart finesses he needed one* more entry. Taking the lead *with dummy's Queen, he led a* heart, and finessed the Knave. He returned the club six and, when West played low, put up the nine, which held. He returned a heart and finessed the nine in hand, crossed to the club Ace for a third finesse in hearts, and claimed his contract.

Smugly, South pointed out that West could have destroyed *one of his entries* by playing his ten of clubs at trick three—the same standard *blocking* play which East missed in the first hand.

The declarer was quick to point out West's mistake, but blind to his own shortcoming. He should have won the opening *lead with* dummy's Ace, unblocking with the King from his own *hand.* Now, *nothing* West did could prevent him from having two more entries to the table.

E. P. C. Cotter

CHESS

NIGEL SHORT, at 20 the youngest entrant, began the world *title candidates tourna*ment at Montpelier in style this week. He *held the* great players Spassky and Korchnoi to solid draws in the opening rounds, then defeated Zoltan Ribli, the world no 10. With few decisive results and many draws, this fine start is already enough to make the British grandmaster a contender for first prize.

The 16-man field includes seven Soviet GMs, the ex-Russians Spassky and Korchnoi, two Hungarians, and players *from* Canada, Cuba, the U.S. and Holland. With an average *rating of* 2592 (249 British grade) it is probably the strongest 16-player event ever held. Short was drawn at no 8, which gives him White in eight of his 15 games but also pairs him with his most dangerous rivals in the early rounds. The top four from Montpelier qualify for knock-out matches whose eventual winner takes on *Kasparov* and Karpov in 1986.

WHITE: N. D. Short (England)
BLACK: Z. Ribli (Hungary)
Sicilian Defence (Montpelier candidates 1985).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-QR3; 6 B-K3, P-K3; 7 Q-Q2, P-QN4; 8 P-B3, B-N2; 9 P-KN4, N-B3; 10 NxN, BxN; 11 P-N5, N-Q2; 12 O-O-O, Q-B2.

Short is playing a new idea against the fashionable 5 . . . P-QR3 Najdorf variation. His 8 P-B3 keeps the pawn centre solid while his king's side pawn advance cramps the black game. In some earlier 1984 games Black castled king's side and was crushed by the white pawn avalanche, so Ribli tries a more *flexible plan keeping the king* in the centre and probing on both *flanks.*

13 P-KR4, R-B1; 14 P-R3, B-N2; 15 B-Q4, N-K4; 16 Q-K3, N-B5; 17 BxN, QxB; 18 R-Q2.

Black has failed to equalise, but here 18 P-N3 and K-N2 was stronger.

18 . . . P-K4; 19 B-R7, P-R3; 20 R-N1, PxP; 21 PxP, P-N3; 22 K-N1, R-R6; 23 Q-N6, Q-B2; 24 Q-B2, B-K2; 25 B-K3, Q-B5; 26 Q-N2, R-R4; 27 R-R1, RxR ch; 28 QxR, P-R4?

A decisive mistake, weakening his KP and QNP. After 28 . . . P-N5 White has a slight advantage but much play remains.

29 Q-R8 ch, K-Q2 (if B-B1; 30 RxP); 30 QxP, Q B8 ch; 31 N-Q1 *(but not 31 R-Q1? QxR ch!),* QxP; 32 QxNP ch, B-B3; 33 QxP, BxKP; 34 Q-R4 ch, K-K3; 35 Q-Q4.

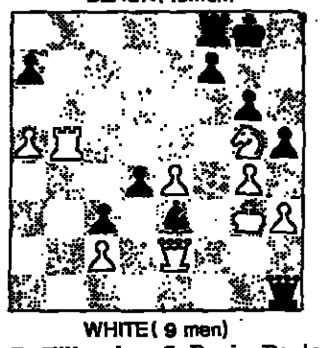
Centralising the queen and preparing the final attack on the stranded black king.

35 . . . R-B4; 36 N-B3, B-B4; 37 B-B4, Q-B8 ch; 38 R-Q1, Q-QB5; 39 R-K1 ch, Resigns.

For if K-Q2; 40 RxB ch, K-R; 41 BxP ch wins a piece.

PROBLEM NO 590

BLACK (10men)



WHITE (9 men)

B. Filipovic v S. Duric, Banja Luka 1985. Black (to move) was a pawn up with White's king groggy, but White still hoped to counter by P-RP or by P-K5-6. Black found the best way to increase his advantage, and needed only two moves to force resignation. How did the game end?

Leonard Barden

Solution Page XV

Gardening

Apple in, branch out

A LITTLE over 20 years ago, a strange specimen of *McIntosh* Red apple appeared in British Columbia. It produced only *one main stem* with short side growths and no true branches.

The person in whose orchard it grew realised its importance *and sent it to the* Summerland Experimental Station in the Okinawa Valley *where it* was subjected to breeding tests.

It became apparent that this columnar apple tree, which had been named Wijcik, owed its *oddity to a gene* which was dominant over the normal gene controlling branching. *When* crossed with other apples, up to half the seedlings have the non-branching characteristics. Other features, such as greater or lesser vigour, better quality fruit, different fruit colour or *ripening* period or greater hardiness could therefore be *added.* Nature has made it possible to produce apple trees *that require little or no* pruning.

At East Malling in Kent, it has been used by Kenneth Tobutt to produce naturally columnar apple trees useful to commercial fruit growers. Up to 4,000 seedlings from controlled crossings between Wijcik and other apples are being raised every year. The most promising are now on trial. High quality apples such as Cox's Orange Pippin and Greensleeves have been used and so have apple varieties used as rootstocks because of the readiness with which they form roots either on cuttings *or as layers.*

The East Malling experts say *that if columnar* apples planted 3 ft apart or less are to become commercially viable, they will have to cost a good deal less than normal apple varieties grafted onto rootstocks. They see cuttings as the most likely method of such *cheap mass production.*

The columnar apples at East Malling are mostly *grafted onto* rootstocks in the normal way. On a semi-dwarfing rootstock, *such* as M106 a fairly vigorous variety of columnar apple *could* make a tree *grow* more than 10 ft high but the same variety on a dwarfing *stock* such as M26 could be little more than half that. On the super dwarfing M27, the column could be as short as five feet. Work could be *done* on it without even stretching, let alone climbing ladders.

Four varieties raised from crosses made in 1976 and growing under numbers are to be given names and will be sent for trial at the Royal Horticultural Society's garden at Wisley, the Northern Horticultural Society's garden at Harlow Car, Harrogate, the National Fruit Trials at Brogdale and Luddington Horticultural Experimental Station in Warwickshire. One is a crab apple with carmine flowers for *ornamental use.* The other three are dessert apples. One, raised from Greensleeves, has green fruits ripening in September; another is a green and red apple for mid-season use from a cross between Golden Delicious and Wijcik and the third, from the same cross, has *red* fruit that will keep into the New Year.

I have seen these and other varieties at East Malling and found them *most impressive.* It could be objected that the pole-like habit is not very attractive but it depends on how it is used. Parallel rows could make good formal *avenues* and in gardens, I can imagine them in small groups. Single stem cordons are popular as edgings to paths or divisions between sections, particularly in the kitchen garden. Even in the orchards at East Malling I found them dramatic. It has been speculated that columnar trees will be available for sale within three or four years.

There is another non-pruning apple tree available — from the super-dwarfing rootstock M27. A fair selection of popular apple varieties is available from Highfield Nurseries, Whitminster, Gloucester and Deacon's Nursery, Godshill, Isle of Wight. Matthews Fruit Trees, the wholesale nursery at Thurston, Suffolk, is growing two dozen varieties on *this stock* so trees should be available at some garden centres.

Apple trees on M27 are unlikely to exceed four feet. They start to crop very young and the weight of the fruit pulls the branches down so that the trees are mushroom shaped. They *produce* so little growth that there is virtually no pruning *just* a snip here and there to shorten or remove an awkwardly placed stem. The *size* and quality of the fruit is excellent if the trees are grown in fertile soil. If starved, they are useless. For pot or tub cultivation a rich soil-based compost of the John Innes 2 type is recommended. It is time the public began to demand trees on M27 from nurseries. That is the best way to ensure a ready supply.

Arthur Hellyer

Country notes

Berry treasure

IN THE AUTUMN my wife, in common with 95 per cent of the population which has access to the countryside, becomes infected with blackberry fever. In competition with thousands of others she has beaten a path along the hedgerows in an attempt to starve the birds of *their natural perks.* But the 1985 summer has not been kind to the *bramble.* The *fruit has* flowered and in many cases set, but thereafter development has been slow.

Some berries have given up *early and died off* in the green stage; others remain as hard red clusters *of seed thinly* covered with flesh and unlikely *to ripen.* Even if they do, they do not make the shiny lush berries which fall into the fingers as soon as they are touched. They need a good tug to pull them off the stalk and they often fall into their component parts. All that remain in the fingers are the seed and the *stains.*

The reason for the barren *hedgerows is* the absence of sun and warmth. The brambles and their leaves have looked lush enough and in fact grew well and extended their territorial empires, but did not fruit.

But reiterating this elementary truth will seldom convince someone with an even more ingrained idea — that there has always been a blackberry harvest, and will always be. It is only a matter of trying harder to seek out the bushes which for reasons unknown have survived the hostile elements.

Surely, I was told, among your miles of hedges there had to be bushes which have escaped the rigour of the season and have enjoyed a sheltered spot, away from the winds and avoiding the frosts. So off we set but in some comfort. Because the harvest was finished *I could drive along the head*lands, saving miles of walking.

Let me say at once that for anyone except the farmer this is a most unsocial practice, which should be discouraged. I planned the excursion with care. I knew the good blackberries did not always choose the sunniest spots, that they often occurred in deep shades and the best berries are *often* found below the top leaves. There are also *sheltered* south facing spots where the ambient temperature must be a little higher.

Having exhausted my own long hedges I began to think strategically. Did I know of a place, not necessarily on my own farm, where *blackberries* never failed. I remembered that at the end of the 1976 drought I found a mass of them on the summit of a rabbit-infested chalkland down. I was in fact picking these when that drought finally broke.

To visit required a walk and I was *not too hopeful as it* was north-facing and very cold. On first inspection it seemed as barren as elsewhere and then just as we had given up we found a couple of bushes so covered with ripe berries as to look black.

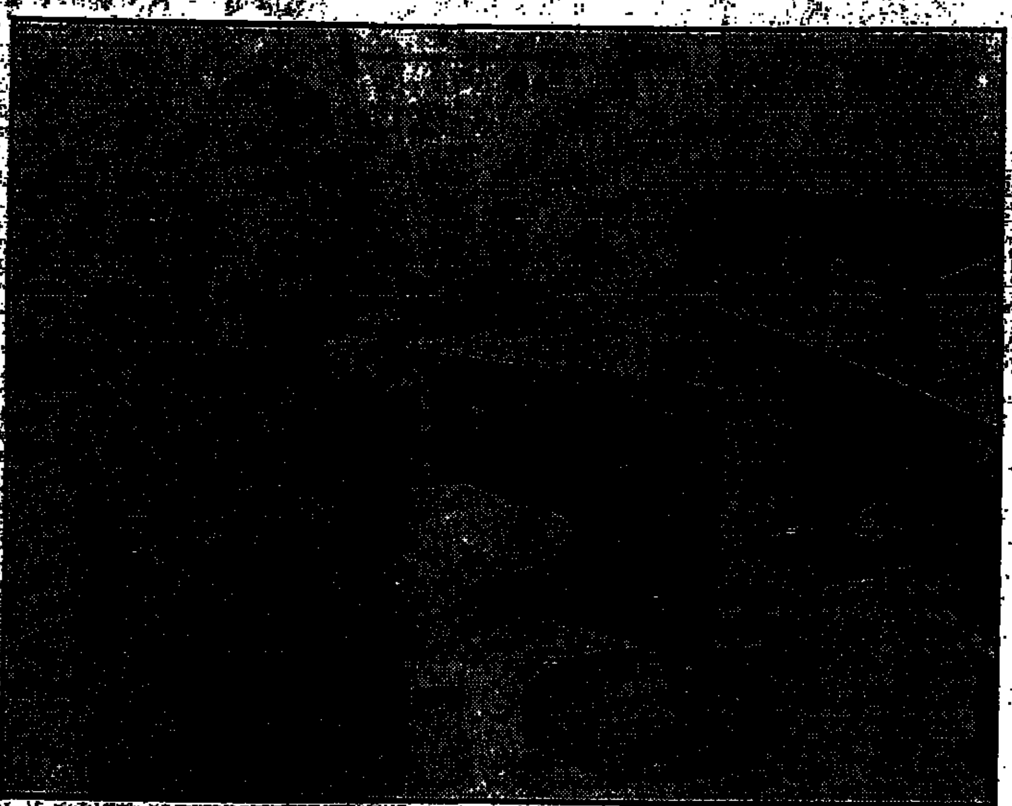
We filled our plastic bags in short order and retreated before the owner could meet *us with sarcastic remarks* about landowners always seeking to widen their spheres of influence at the expense of their poorer or smaller neighbours.

John Cherrington

DIVERSIONS

Microwaves: the process that turns cooking inside-out

Pale imitations of the real thing



Lucia van der Post

HOW TO SPEND IT

To sum up: the chief strides seem to me to have been made in the appearance of the ovens. The mere fact that there are now a large number of white models—which look so much less ponderous than the old fake-mahogany cases—is an improvement. Controls have been refined and the defrosting programmes are a real boon, allowing joints to be defrosted very evenly without some parts emerging half-cooked.

For those who see a role for a microwave oven as an "extra pair of hands" there are neater, smaller models around today. In particular, if you are short of space, look at the Little Litton which has a one-piece cavity wall system casing, thus offering 36 per cent usable inside space as opposed to the more usual 28 or 29 per cent. It can be wall-mounted and at £229 looks like being a great success.

If you think you would only use a microwave for reheating food or for defrosting (in the U.S., where the market is much more developed most microwave oven owners use them primarily for defrosting, reheating, cooking vegetables and making snacks) it makes it a very expensive purchase.

If you are thinking of buying one you will need to note that they come in different wattages—the lower the wattage the longer food will take to cook—so if speed is of the essence look for one with 600 or 700 watts.

I have not yet found a single microwave cookery book that is remotely in the Elizabeth David class — most of the so-called "gourmet" cook books concentrate on the sort of food (pies and cakes pizzas and meat loafs) that I don't eat, I also have this inescapable feeling that the concepts of "gourmet" food and a microwave are quite incompatible.

However, the best book that I have come across is Good Housekeeping's "Gourmet Microwave Cookery" by Clare Ferguson (£5.95).

The instruction booklets that come with the machines nearly all concentrate on the basic facts and methods and what you might call daily family fare, which is no doubt sensible but not very inspiring. Now, though, there are some useful magazines which offer practical, if not gourmet, advice. Marshall Cavendish's weekly Microwave Know How at 95p a week could be a boon to the proud new owner.

Flashy stuff for the glitterati

IT'S GOING to be a glamorous winter—it is not a time for understatement. As I pointed out in a piece on perfume recently, the current mood is for romance, glamour, sophistication, so you can put away your fine gold chains, your tasteful rows of pearls, your discreet diamond studs. Home in on the baroque, the outrageous, the big, bold piece of glitter.

If you're wondering where to find them, the answer is that all the best jewellery departments are already awash with so much glitter that it fair tires the eyes. Which brings home the point in a very graphic way that one glorious piece is probably all that most of us should allow ourselves.

Choose carefully; and it could make a potentially dull little black dress or subdued suit look a winner.

Another source of wonderful glitter and glamour is Maria Merola's two shops (a tiny one at The Studio, 2 Charlton Place, Camden Passage, London N1, and a grander version at Merola, 108 Kensington Church Street, W8). Maria has been an ardent collector for years and the great charm of buying from her is that most of the pieces have the cachet of dating from the Art Deco period, or from before the war.

Sketched here are examples of the sort of pieces that could cheer your winter.

Asymetrical brooches-cum-necklaces are all the rage—you put one brooch on one lapel and the other brooch, either lower or higher, on the other. They look wonderful on tailored jackets, on simple woollen dresses or silk blouses. This particular piece is new but is a copy of some early 1940s designs. Made of yellow metal, its costs £60.

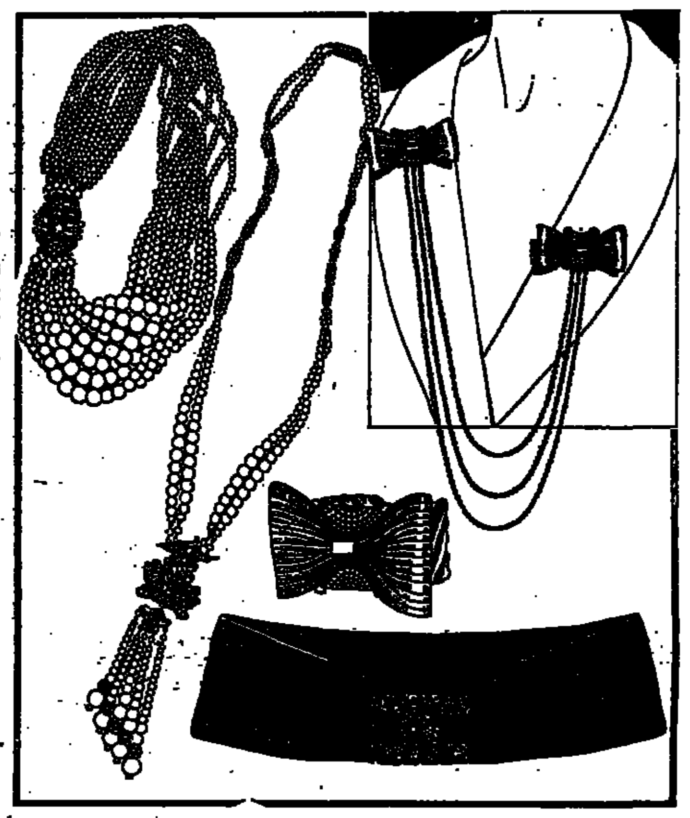
Glamorous belts are making a big comeback and Maria Merola has put her large collection of diamanté, bakelite and "pearl" buckles on to velvet and suede to make one of the best collections of belts I have seen. None of them is cheap but if you choose carefully, the right belt could bring instant glamour to almost any evening dress or evening suit. Sketched here is a soft leather belt with a white-metal and diamante 20s brooch, at £80.

The witty "bow" bracelet is another throw-back to the 1940s. Made from yellow metal, it packs quite a punch. Price £60.

Pearls this season will be worn large; often they will be twisted and always they will sport a magnificent clasp. Here are two different versions: left, a necklet of old costume pearls with a very bright, glittery clasp (you wear the clasp showing at the front or side of your neck), price £90.

Right, a long 1920s pearl necklace with a butterfly clasp in silver and French paste, £150.

If you cannot visit Maria's shops you can order any of the pieces by post. She charges £1 as a flat-rate for any postage and packing.



Clare Brooks

Art of hanging on by a thread

Silent warriors

• BOOKS •

Custer's era

SON OF THE MORNING STAR by Evan S. Connell. Michael Joseph £12.95. 441 pages.

DEEP IN the primeval wilderness of North America the seventeenth century explorer La Salle came across a wooden plank upon which a previous passerby had printed his verdict on human nature as observed in the struggles between Europeans and aboriginals. *Nous sommes tous des sauvages*, this anonymous historian recorded.

The early contacts between French trappers, Spanish conquistadors and English settlers were a chronicle of savagery. The Indians, given the opportunity, repaid ferocity with interest. Not even the torturers of the Venetian Republic exceeded the North American Indians in ingenious cruelty.

If anything, however, the inhumanity of the conflict became even more appalling in the nineteenth century. The Indians, driven by the deliberate policy of the United States before the tide of settlement from the south-eastern forests to the western plains saw successive habitats denied them. The buffalo, with whom the Plains Indians had lived in symbiosis for centuries, were exterminated within little more than a decade. Their sacred places were desecrated, and the bodies of their dead, at least on one occasion, used as fishbait.

The Indians reacted with sullen acquiescence, broken by spells of vindictive violence, rampages when they scalped and tortured the living and mutilated the bodies of their dead victims. Evan Connell points out that this last habit appeared only in 1850 or thereabouts, and cites authority for the view that whereas before Indians respected the scouts and frontiersmen they fought, they had no such respect for the citybred, often immigrant soldiers who were no match for them man to man and drove them from the land by sheer weight of numbers.

By the 1870s, the traditional way of life of these nomadic hunters was doomed. The railroad stretched across the prairie. Gold had been found. The Government in Washington was bent on cooping the remaining Indians on the reservations where whisky and disease would finish what three centuries of warfare had not accomplished.

Americans then all but unanimously felt like one of Custer's troopers, who scribbled in his journal, "oh what a pittey that such a loavly place should be the abode of such a band of blood thirsty demons."

Custer's famous and ill-fated expedition was part of a punitive expedition, not different from those Britain was still mounting on the North-West frontier 20 years later.

Eight years before Custer's come-uppance, Colonel the Reverend John Milton Chivington had organised the Sand Creek massacre in which, according to an official U.S. Government commission, "fleeing women, holding up their hands for mercy were shot down infants were killed and scalped in derision: men were tortured and mutilated."

Chivington's comment was: "Kill and scalp them all, big and little, nits make lice."

It was, in fact, the Sand Creek massacre that set off the train of retaliation and punishment that culminated in the disaster on the Little Bighorn in the Republic's centennial year.

General George Armstrong Custer was a brave, ambitious, stupid cavalryman who had served under the great cavalry leader Phil Sheridan in the Civil War; it was "Little Phil" who is thought to have originated the saying that the only good Indian was a dead one.

Bravely, ambitiously and stupidly, Custer rode with under 70 troopers into the greatest war party the Indians ever assembled in North America, mustering some 20,000 braves. He and his band were wiped out.

Like the destruction of Varus's legions by Arminius, the disaster has been a focus for romantic nationalism; only, where the Germans identified with the victorious barbarians, Americans have glorified the "civilised" victim. Custer was immortalised by painters, and poets, including Whitman, and Longfellow celebrated this second-team hero.

Evan S. Connell is a novelist, and he has brought a novelist's audacity to the construction of *Son of the Morning Star*, a civilised and compassionate history.

He begins at the end, with the naked bodies of Custer and his companions gleaming strangely white on the hillside in the eyes of the relief that came too late. Thereafter the narrative circles dizzily, darting forwards and backwards through time and space in a fashion that I at first found disconcerting. But the method does enable Connell to set Custer and his fate at the centre of the whole historical tragedy of the Plains Indians, and long before the halfway point I was hooked.

This is a magnificent book. But it is not for the squeamish. We may all be savages: it is not always pleasant to be reminded of the fact in such gruesome detail.

Godfrey Hodgson

General George Custer (centre) in a relaxed mood with his wife Libbie, on his right, brother-officers and friends

Irish agony

NORTHERN IRELAND: A PERSONAL PERSPECTIVE by Merlyn Rees. Methuen £19.95. 354 pages

IT IS difficult—perhaps even naive—to be optimistic about Northern Ireland, not only because of the terrible events there of the past 15 years, but given the very circumstances of the emergence of the province more than 60 years ago. Some few optimists there still are, including some journalists who should know better, but Merlyn Rees does not come across as one of them—at least not in the short term. (Short term in Northern Ireland is the long haul; long term is history to be made, and the signs are not encouraging.)

Rees ends a workmanlike account of his times in, and association with, Northern Ireland, initially as Opposition shadow at Westminster and as Secretary of State for the province from March 1974 to September 1976 (when Jim Callaghan made him Home Secretary), thus:

> The dream of a united Ireland will long remain a dream. A devolved government in the north is the only basis on which the people in the two parts of the island [of Ireland] will one day talk to each other. The hope of finding a successful solution lies with the Northern Irish people, not with outsiders in Dublin and London talking by proxy. Northern Ireland has been the scene of battle: only there can peace slowly be forged.

The Irish whom Rees got to know and generally to admire might well describe the Welsh miner's son and Labour MP for Leeds South (now the constituency of Morley and Leeds South) as a "decent" man, an Irish term of endearment and respect. And that he is, and it shows throughout this book. *Northern Ireland: A Personal Perspective*, is not especially scholarly, and it contains few new insights. The writer's personal diaries are supplemented by research in Cabinet sub-committee and Northern Ireland office papers, and the whole is largely a chronicle of events with a hint of bias understandable from a politician in the midst of them.

We have all lived through it, and it has been recorded by better writers and by less partial observers. The chapters are all there: immediate reflections on taking office, only to be interrupted so rudely and so quickly by the Ulster Workers' Strike; the ever-present security problems; ceasefire negotiations with the Provisional IRA; detention without trial—and its ending; the Convention, original and reconvened: more and continuing direct rule.

Much of this is a factual account, save for some political face-saving glosses and, I guess, a few "instant" conclusions which have had the benefit of reflection and hindsight.

The gossip comes at the end in an all-too-brief Personal Review which, almost in passing, contains a couple of seedlets of what, says Rees, the Thatcher Government and the Dublin coalition headed by Dr Garrett FitzGerald should be doing when the latest "initiative" on Northern Ireland breaks ground over the next few weeks.

Rumour and leaks have it that the Prime Minister is about to be cautious, and (if so) rightly says Merlyn Rees. Talks with Dublin certainly—on some old but important chestnuts, like cross-border security, extradition, possibly joint courts—but "the aim of the Westminster government must be to bring a devolved administration back to the province."

What's new? The 1982 Northern Ireland Act provides for devolution by stages: the trouble then, and it still remains, is that the two sides in the Northern Ireland divide cannot agree on the form. A voluntary coalition is fine, but where are the volunteers? More obvious, of course, are the volunteers for violence on both sides who champion their all-or-nothing solutions.

The preferred Rees solution is a kind of Convention Mark Three, initially with a "resident minister . . . a chief executive from Great Britain but committed to Northern Ireland." Westminster, through the Northern Ireland Secretary, would be responsible for finance, the courts and emergency legislation, but this time the power-sharing (limited) executive would have responsibility for the police, a policy which, says Rees, would work now, unlike in the past, "because of the continuing reduction in the role of the army."

There are those in Belfast, to say nothing of London and Dublin, who would be more sceptical; others harking back to the 1974 Sunningdale package might think we have been there (almost) before, only for Rees and the British Government to discover belatedly an "overall lack of planning and thought about the consequences of a political stoppage in Northern Ireland."

A few last words, as in this book, about the personalities and the gossip. Merlyn Rees on the Rev Ian Paisley:

> I got on well with him and his wife . . . but I constantly wondered whether he could ever shake off the shackles of religious bigotry and his conspiratorial approach in order to be a man of government.

Rees on the Rev William Beattie, once Paisley's deputy:

> He struck me as a naturally obnoxious man who gave a bad name to Christianity.

Positive thoughts from a decent man; much else in his book is of a blander variety.

Dominick J. Coyle

Remembering Orson's star

ORSON WELLES by Barbara Leaming. Weidenfeld and Nicolson. £14.95. 538 pages.

MONEY INTO LIGHT by John Boorman. Faber and Faber. £4.95. 240 pages.

NATIONAL HEROES by Alexander Walker. Harrap. £10.95. 287 pages.

SADLY THE first of these books could not be more opportune. At last a comprehensive biography of Orson Welles who died last week, and an authorised one to boot. Barbara Leaming obtained near limitless access to the Master, and has repayed the privilege with a biography that is as revealing, confiding and sumptuously wide-ranging as any autobiography.

Here is the tender genius being born, the son of a Wisconsin inventor and an Ohio beauty, in 1915; walking on in *Madam Butterfly* at age five (Chicago Lyric Opera); cheerfully hornswoggling the Gate Theatre Dublin into giving him a lead role; gathering stage and radio fame in the U.S.; throwing dish-heaters at theatre partner John Houseman in Chasen's Restaurant, as their Mercury Theatre broke up; and then with *Citizen Kane* beginning his film career.

This was meteoric in every sense, since Welles began by streaking across the movie firmament in a blaze of light and ended by plummeting towards Earth with most unseemly irreversibility, as one dearly beloved project collapsed after another. No other major director has left behind such a legacy of unfinished films (most notably *Don Quixote* and his long cherished black comedy on movie-making *The Other Side of the Wind*) or of films "finished" by others (like *The Magnificent Ambersons* with its tacked-on happy ending and merciless re-editing by RKO).

Who, in these circumstances, could beat Welles's own self-description, commenting on a film industry that blithely went on festooning him with awards while his finance and fertility dried up? "I'm an old Christmas tree, whose roots have died." But he was still until the end of his life a great presence and a great raconteur, as this book proves; and even in his fallen might the most full-blooded "movie brat" Hollywood ever produced.

John Boorman's *Money Into Light*, a diary of the setting up and shooting of his new film *The Emerald Forest*, must be one of the best ever first-hand records of movie-making. Plunging into the deepest Amazon, the director of *Point Blank*, *Deliverance* and *Excalibur* took on every occupational hazard from mosquitoes and hostile Indians to defecting crew-members and a screenwriter who upped pen and stalked out of the project when Boorman cast his own son Charley in the leading role.

But these were mere fleabites compared to the mauling Boorman received from his own production company Goldcrest. They, having undertaken to back the 13-odd-million-pound movie pulled out virtually on the eve of shooting, presumably with cold feet at the possibility of runaway budgets and dubious profits. The film passed, but only in the nick of time, into the hands of Embassy.

History will reveal who will be vindicated in this debate; we have yet to hear Goldcrest's side. In their favour one must say that, had they known all the vicissitudes Boorman recounts in his diary, they might well have backed out even sooner. Fearlessly candid, the author allows us to peer into his doubts, his dreams, his crises of confidence (over shaky parts of the script, near-unshootable Special Effects, the casting of Charley) and his moments of triumph; and he writes a vivid story so vividly that it would make a memorable movie in its own right.

Alexander Walker's witty and judicious *National Heroes* is a "sequel" to his chronicle of British cinema in the 1960s, *Hollywood, England*. Walker takes up the tale of our industry as it sallied nervously into the 1970s and early 80s after the boom-time 60s. American producers had been thick on the ground in London in that decade, but by the end they were picking up their skirts and running like mad as the clock struck 12 to denote the close of Swinging Britain. Native talent suddenly discovered that it had the whole ballroom to itself, but precious little money to throw a party.

As Walker records, Ken Russell, David Puttnam and Richard Attenborough (wearing his new director's hat) were among the names that gradually came to prominence. Glenda Jackson replaced Julie Christie as a tarter sex symbol for the times.

But then, backs against the wall, Britain came up with *Chariots of Fire* and *Gandhi* and won the Oscars. Happy ending? Not quite. Walker is too knowing to blind us with optimism. Here in 1985 British cinema is back (almost) in the doldrums, with government policy helping it on its way. But at least British Film Year is beating a drum, for those who wish to hear. And there is hope in young directors like Jordan, Jarman, Greenaway and Forsyth, who might stay away from the Raj d'or and yesteryear's Olympics to hew a mythology out of modern Britain. Hopefully, Walker will be around in 10 years' time to record their success or otherwise.

Nigel Andrews

Orson Welles, "full-blooded movie-brat," in mid-career

Post haste

ROYAL MAIL: THE POST OFFICE SINCE 1840 by M. J. Daunton. The Athlone Press. £18.50. 340 pages.

THE POST OFFICE forms, along with the railways, the most obvious of Victorian creations that are with us today. What a wonderful age that was for reform, progress, achievement, when Britain led the whole world. Victorians were properly proud of it all; a Post Office official wrote, on the opening of the railway line between Manchester and Liverpool: "The Post Office seems to be bound to keep pace with the wonderful improvements with which the present age abounds."

Nor were the Victorians afflicted with any boring false modesty. Sir Rowland Hill, greatest of P.O. officials when all is said and done (this book does not say it), wrote of himself when taking charge of his incompetent father's family at the age of 17 and clearing it of debt. "I acquired a feeling of responsibility and habit of business, dispatch, punctuality, and independence, which have proved invaluable to me through life." This was the spirit he brought to the cumbersome, complicated and inefficient P.O. and practically re-created it in his hard-working life with his overbearing ways.

We all learned at school that Rowland Hill was the inventor of the Penny Post, and a great man. This detailed history is more concerned to write him and his forceful brothers down. The contemporary photograph of Hill, which tells one a lot about his character, has the useless caption, "one of the least eccentric members of a very strange family."

Actually they were a remarkable lot. Matthew did a fine job in reforming the criminal law; Edwin was a mechanical inventor who improved postal stamps and the machine for folding envelopes; Frederick was Rowland's right-hand man in driving a plough through the muddle, mess and laziness of the old P.O.

Not much of a tribute to all this in the book. I prefer the summing up of the DNB: before his breakdown from the strain of over-work, Hill "had transformed the whole service, extending conveniences, cutting down expenses, shortening the hours of work, raising wages [in fact, he was not keen on that amenity—it led to discontent and asking for more than the service could afford, he thought], reducing rates, and increasing the revenue."

Hill was both inventor and projector; the clue to his achievement was the combination of pre-payment of letters with the lowering of the rate, but that was only the beginning of his pushful reforms. Naturally such a man made enemies: but he had good friends, too.

Institutional history is not the liveliest genre, and reading such a thick book is hardly a labour of love. However, it tells one all, and rather more than all, that one needs to know about subsequent developments—railway and steamship contracts, P. and O. and Cunard, the continual rise of wages threatening profitability, the hardly helpful role of the unions.

The book lights up whenever we meet Anthony Trollope, who was an opponent of Hill on the issue of promotion by merit. He rather agreed with Melbourne, who liked the Garter for having "no damned merit about it." I suppose one should now read *The Three Clerks*, Trollope's novel about the P.O., with the head of the Treasury as Sir Gregory Hardlines. Mr Daunton tells us on page 323 that when a Treasury official found everything at the P.O. incorrigible, he was "determined to test the efficacy of prayer." However, the conclusion as to the future is optimistic.

A. L. Rowse

The General Post Office, Inland Office, in 1841

CRIME

DISORDERLY ELEMENTS by Bob Cook. Gollancz, £8.95, 184 pages

THE CRIMINAL COMEDY OF THE CONTENTED COUPLE by Julian Symons. Macmillan, £7.95, 220 pages

BOB COOK has written a very good first novel. In *Disorderly Elements* he takes a traditional situation—a mole at the top of Security—and makes delightful fun of it. He hits a few other targets as well (universities, the feckless young), is he having us on also when he sends his hero to the most obvious tourist restaurant in Rome and then describes the crushingly banal menu with Bondian licking of lips?

Symons's new comedy gets off to a confusing start, as the reader is struck by a barrage of names, only a few of which have any significance in the ensuing story. But once things get moving, the leisurely narrative is thoroughly enjoyable, partly English village adultery and partly Venetian travelogue. For the Venice scenes, in his Acknowledgements, the author thanks impressive authorities for their help. If he had asked one of those friends to check his typescript he would have avoided calling the Squadra Mobile (Flying Squad) the Squadra Mobili (Furniture Squad).

Along with this new work, Macmillan has reissued two classic Symons thrillers, *The Narrowing Circle* (1954) and *The Colour of Murder* (1957); both pass the test of time brilliantly.

William Weaver

Fiction

Scots village in uproar

A STORM FROM PARADISE by Stuart Hood. Carcenet, £8.95. 188 pages

LOYALTIES by Raymond Williams. Chatto and Windus, £9.95. 378 pages

LIFE GOES ON by Alan Sillitoe. Granada, £9.95. 517 pages

UNDER THE BANYAN TREE AND OTHER STORIES by R. K. Narayan. Heinemann, £9.95. 193 pages

MAINLAND by Susan Fromberg Schaeffer. Hamish Hamilton, £9.95. 285 pages

HOW THE WORLD wags, politically, the tail of the dog, humanity: that is the theme of most of the week's fiction. Stuart Hood's *A Storm from Paradise* contrasts two worlds just before 1914 and its upheavals: the rigid, intensely puritan world of a small north-eastern Scottish village and the radical, intellectual, sexually liberated world soon to explode into history, that of the Russian Marxists; the first embodied in John Scott, the young headmaster of the village school, the second in that of a beautiful woman whose young charges he teaches on Saturday mornings. Elizavyeta, whose husband is in Siberia, who knows Lenin, Bukharin and Rosa Luxembourg, and who leads the dazzled John into an unimagined country of freedom, passion, and ideas. That he cannot continue at her level once she has gone is the tragedy of his later dry, embittered life.

The story is told by his son, as he imagines it must have gone, the mechanics of its telling explained, their imaginative rather than factual truth stressed at every point: "The 'father' who is not my father and whose son is not I but the voice through which I speak, came to Slateford and settled in 1908 or 1909—the date is not important." etc.

A patchwork novel with the threads and seams shown, and each patch accounted for in the writer's experience or imagination, its passionate artistic truth is conveyed in writing so plain, realistic and indeed functionally beautiful that one learns its sad lessons from history with joy. Hood's account of his wartime escape in Italy, already known to his readers as *Pebbles in My Skull*, is also published now by Carcenet as *Carlino*, updated and post-scripted.

Historical lessons are more solidly, deliberately taught in Raymond Williams' *Loyalties*, a lengthy tale where Hood's is briefly told, about some of the Cambridge left-wingers of the 1930s whose idealism turned them into Blunt-style traitors. A television programme is to be made in a series about dissidents: where is it to put them? The intricacies of loyalty, disillusion, pro-Soviet belief and later its terrible crumbling, are daunting.

A large cast, spread over three generations, takes us from a communist starry-eyed summer camp in Wales at the start of the Spanish Civil War to last year and the miners' strike in the same place. Loyalty to what, to whom?

It is readable but dogged, interesting in a factual way but untouched (as Hood's novel is touched) by imaginative lightness, gaiety, truth. How these people became villains out of initial goodness (which is putting it crudely) is shown convincingly but the pace is slow, with the mixture lumpy, the style (in the deepest sense) charmless. (The jacket, I happened to notice, is a direct copy of a beautiful, slightly erotic photograph by George Hoyningen-Huene taken in 1927—only the figures have been clothed.)

Alan Sillitoe is always in a sense political though *Life Goes On* is not overtly so. It has, though, the funniest exposition of both anti-left and anti-right bias I have yet come across, in an unemployed layabout's explanation of why he now votes Tory. And the hero, who is writing a novel called *How We Live Now*, is bound to have views on this and that, which makes him politically something, however much he may claim to be uncommitted.

Sillitoe's heroes, though Nottingham born, live in a bit of a social vacuum, having sloughed off their working-class background but found nothing much to replace it. *Michael* Cullen and his terrible employer Lord Moggerhanger come from an earlier novel and its atmosphere and doings are rather too often harked back to, but the long journey from and home to Upper Mayhem (with a wife bolting at the start and another moving in at the end) is extremely funny in an anecdotal, almost Beachcomberish way.

Long tales from all and sundry, a dog called Dismal, terrible hitch-hikers picked up *here and there*, phony poets and batteners of all sorts on the public purse: all these are treated with bawdy disrespect and an acute use of language. Not vintage Sillitoe but anything he writes is worth reading.

Of R. K. Narayan, one can say the same. His writing is so good that the stories in *Under the Banyan Tree*, set in his fictional city in southern India, Malgudi, some new, some old, are enormously well worth having. His introduction gives an idea of the richness of his stories, the multiplicity of his sources, and the whole process of artistic creation.

Susan Fromberg Schaeffer's *Mainland* is quite unlike her earlier novel, *The Madness of a Seduced Woman*, which was a passionate wailing, shot through with moments of peculiar brilliance. This one is more low-key, and sometimes seems almost inconsequential. It has the (to me intensely irritating) American present-tense narrative, plus two "interior" speakers, the heroine's mother and grandmother, who seem to be there to make pawky comments on anything that happens.

Briefly, Eleanor goes blind and while waiting for an operation to make her see again hires a young Chinese student to drive her about. They fall (sort of) in love and then fall (more or less) apart, at least physically. It is attractively odd, an askew look at things by a blind, then seeing, pair of eyes.

Isabel Quigly

Czech quest for Roth's man

THE PRAGUE ORGY by Philip Roth. Jonathan Cape £5.95, 89 pages

UNLIKE CHRISTOPHER Isherwood's fictional creation "Christopher Isherwood," Philip Roth's Nathaniel Zuckerman is not merely a camera. He has a mind that observes, a *body that lusts*, and a *soul that suffers*. In the three novels that form the Zuckerman trilogy, *The Ghost Writer*, *Zuckerman Unbound* and *The Anatomy Lesson* we have watched Zuckerman coming to terms with fame, Jewishness and *alienation from his own family group*.

Now in *The Prague Orgy*—a coda to the three previous books—we see him tracking down his own ethnic roots through a confrontation with the intelligentsia of contemporary Czechoslovakia. Zuckerman meets two members of it, a young writer and a famous Chekhovian actress, on his own home ground in New York where as exiles they are attracted to him by his fame. But are they interviewing him or he them?

In a grabbingly ironic opening scene the question remains open-ended. What is clear is that the interview is the start of a quest for Zuckerman which leads him to the Czech capital and to further *confrontations* with those whom the exiles have left behind, but to whom they are still bound by inextricable emotional ties. Zuckerman's ostensible goal is a collection of unpublished short stories written by the exiles' father in *Yiddish*. Before he reaches them he has to negotiate with a number of very tricky customers including the exile's sex-mad wife. As usual Zuckerman fails in his declared aim but gains hugely in self-knowledge. And Mr Roth has produced something wholly original and arresting out of well-tried ingredients.

Anthony Curtis

مطابق للأصل

• ARTS •

Theatre

Bitter Swede

‹DBERG: A BIOGRAPHY
chael Meyer. Secker &
urg. £25.00. 651 pages

ıʀ THREE great northern ıists, England has taken Ibsen and Chekov to its ɔnd its heart. Strindberg ther matter. He is known two great and early ·ies, *The Father* and *Miss* both of the 1880s; hardly l for his novels or late though he wrote down to ·ath in 1912; and even his Dickensian novel, *The Room* (1879), has not favour beyond a few.

ʌ Michael Meyer, the biographer who has ly translated the plays of Scandinavians for the on stage, has told the terrifying story of the est playwright of Sweden, takingly, unjudgingly and ·ear at a time. The book ·g. eventful and unsubtle, ! the extraordinary facts : for themselves. Which aps they do. Apt of *him* ·dicate the book to his old d Graham Greene, whose ns, like this life, are nonly left bare of comment ell their own scarifying . This is a life of an or with the criticism left based on unpublished rs, a diary of 1896-1908 and autobiographical writings ighly varied reliability. A ·ɪ ef Ibsen, Michael Meyer ·ɪt have failed to think, ·t lead to a life of Strindberg. in a rare flight of fancy he reflects that though the ·en never met, they might got on rather well if they librarian and on through three ill-fated marriages, none of them to a fellow-Swede.

The wives are much to be pitied. Strindberg tried to throttle the second of them on the wedding night, absent-mindedly mistaking her in his sleep for the first; and the third fared only slightly better. Medical opinion differs about his condition, but wandering round the streets of Paris in the 1890s with a knife to stab passers-by sounds uncommonly like paranoia, compounded (it seems clear) with absinthe poisoning. A coward who would run from dogs, Strindberg could suddenly burst into uncontrollable fury, smashing the furniture; and the composer Delius's account of his elaborate theory about the probable human ancestry of the gorilla in the Paris zoo makes one feel as uneasy as any bride on her wedding night.

Like many revolutionary socialists — Marx and Engels before him, and Adolf Hitler after—Strindberg was a flaming racialist, especially anti-Semite, reserving (like Marx) the term "nigger" as an ultimate insult in a life dedicated to abuse.

And if it was not blacks and Jews, it was women. Misogyny can easily be the stuff of good theatre, as John Osborne proved nearly 30 years ago with *Look Back in Anger*, and one accepts with a sort of embarrassed reluctance that there is a case to be made against womankind, even if it smacks of hyperbole to call them bloodsuckers. Strindberg never winced at hyperbole; and in his best-known plays, which are also his best, he piles on the sexual abuse with a venom that makes Osborne's plays look complacent. And, in a way, it was: *Look Back* ends in reconciliation between husband and wife, a virtue seldom cultivated by Strindberg in art or in life.

·· new life is a study in ·l disorder, unlike Ibsen's, that has its practical ·ems. Mad or not, Strind· did not always distinguish ·een reality and fantasy, ·lling his dates and neglect· proof-correction, so that the ·f any biographer is to tidy ·fter his improvident genius. Meyer is a tidy biographer. has lived in Sweden and ·ht drama there and in the , and he illustrates his life ı photos of the playwright his family as well as ·ern productions, taking the ·r from his youth in Stock·n and Uppsala, through his ·y drudging life as a

The master of everything that is rawly domestic in modern realism, he still, after a century, leaves his disciples standing. In fact the first time I ever saw *The Father*, it engendered a sense of embarrassment so profound that the audience almost forgot to clap at the end of the first half, as if the actors might have been something else. "I feel as if I'm eavesdropping," I heard a woman remark to her neighbour as the lights went up. "I feel as if I shouldn't be here."

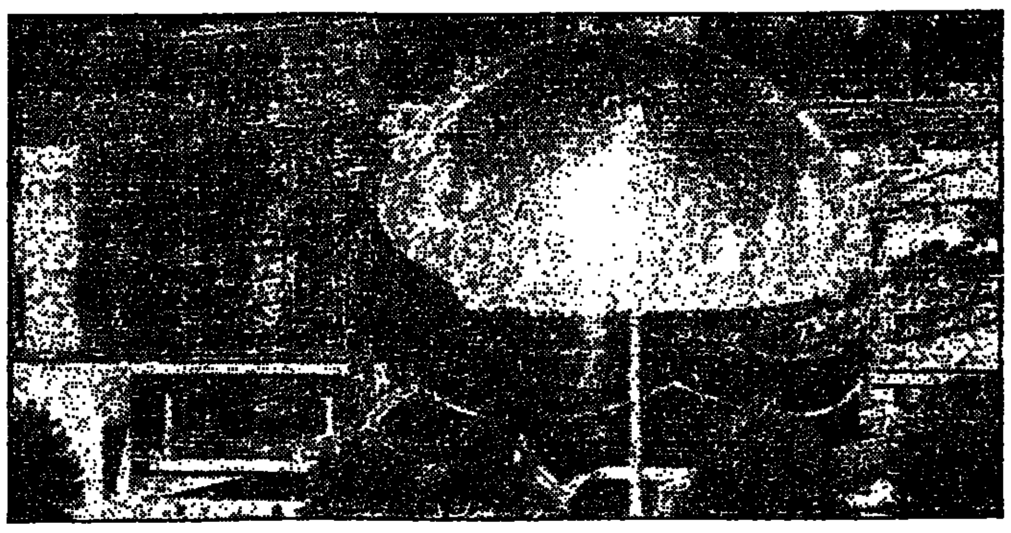
There are charming madmen, of course. The trouble is that Strindberg's madness was not of the most amiable kind, and the new biography lays out the bitter evidence without exacting any sort of emotional response, whether compassionate or other. The way to love Strindberg would be to feel sorry for him, no doubt, but only the bare materials for feeling anything at all are offered here. This is a pageant of events, not a study of mind, least of all of a creating mind. And in a way, the facts are no great surprise. No theatre-goer ever doubted that behind the sufferings of Strindberg's characters lay a still profounder suffering of his own. As the poet said, we make art out of a quarrel with ourselves, and *The Father* and *Miss Julie* are full of self-quarrelling. They are studies in self-reproach as well as reproach. If women are vampires, why get so close to them? And why, having been so close, go back for more?

Mr Meyer's fat book cannot be blamed for making it no easier to answer questions which its hero, after all, could not answer for himself. Strindberg's best solution to the dilemma of his own unending mental strife seems to have been nihilism. "Everything is shit. The skein is too tangled to be unravelled: it can only be sheared," he wrote to a friend, adding that if the building of modern society was too solid to be pulled down, it could still be blown up.

It was only in nihilism that all the roads met, for Strindberg: his hatred of blacks, of Jews, of women, of royalty, of ordered life and family harmony. This new biography reminds us again, in its sober detailing of intellectual influences on the young dramatist like Bismarckian militarism, revolutionary socialism, Nietzsche and occultism, of that hell's brew of dogmas about inevitable wars between classes, races and sexes that has long since proved the most terrible legacy left by the last century to our own.

George Watson

Cinema



A silver ball floating on a pool houses the Geode, the latest wonder of the European movie world

Screen in the round

IS SHOWMANSHIP the new way forward for cinema? In recent decades cinema has been tacking like mad, in a bid to survive, between opposite extremes: now favouring monolithic giantism (the 1950s spate of wrap-around screens and 3D), now intimacy and plenitude (the later flowering of mini-auditoria and multiplex houses). In Paris, where the swings and roundelays of film-going fashion nearly always chart the course for the rest of Europe, the trend is firmly towards size and spectacle again. When I visited the city last month the multi-screen cinemas along the boulevards and the Champs Elysées were being given a run for their popularity by new single-screen giants like the Geode, the Kinopanorama and even (*sacré bleu*) the façade of the Pompidou Centre.

The Geode, which opened this summer, is the new wonder of the European movie world. Housed in a giant silver ball floating in a pool in an amusement park, it has a hemispherical screen—the largest in the world — which covers half the inside wall of the structure. The screen slants over the audience at a rakish tilt while they sit in inclinable seats below, assailed by 1,000 square metres of moving image. It fills their entire field of vision and then some.

Unfortunately, as with the early demonstration films for Cinerama and Circlorama, the showcase is better than the show. The Geode subjects its early audiences to something called *Chronos*, a pseudo-mystical travelogue through time which is mainly an excuse to trot out the old shimmering vistas of the Pyramids, Grand Canyon, Monument Valley, while the spectators go "Ooh, aah" below.

The first time the camera scuds across a landscape, the effect is indeed astounding. We the watchers seem to be flying with it, winging over Utah with stomachs in mouths, clutching at a passing butte for moral support. By the fifth or sixth time it moves, however, the law of diminishing novelty has set in and we are already glancing at our watches.

The other major snag at the Geode is that although the publicity brochure insists that the curved screen does not distort, it does. Objects bend alarmingly the further they move from centre, and one wayward Egyptian obelisk in particular looked in grave need of a glass of Heineken.

At the other end of Paris the Kinopanorama in Montparnasse thumps its chest and calls itself the largest conventional screen in Europe: 240 square metres, which on my visit were spaciously exploding with *Mad Max 3: Beyond Thunderdome*.

As at the Geode the gasps begin at curtain-up: in *Mad Max* a vast sandscape swooped across by the camera while the six-track Dolby system pounds into action all round. You can sit 10 rows back in the stalls and still have your whole field of vision enwrapped by the screen, and your ears pleasantly crackling with the noise.

On Friday September 20, just to show that arthouse films could strike back, Akira Kurosawa's *Ran* stole every other cinema's *tonnerre* by premièring itself on the facade of the Pompidou Centre. A giant screen was erected. 4,000 guests gathered before it and this spectacular Japanese re-jig of *King Lear* rioted for 2½ hours half way up into the sky. So, intermittently and on the ground, did the audience. Roars of enthusiasm alternated with more unseemly rhubarbs, as uninvited viewers tussled with gowned ladies and tuxedoed gents and the Beaubourg shook to the momentary threat of an *évènement*.

Also warmly rhubarbed was film-maker Louis Malle, who in making an introductory speech in honour of the attendant Kurosawa, chose to do so on behalf of "all us French directors." This got roars of laughter, since Malle has lived and worked for years now in the U.S. and Canada. And by unseemly coincidence his newest film *Alamo Bay* has just opened in Paris and been roundly disparaged by Press and public. I saw it on its third day, before a 30-strong audience who sat stonily before this tale of fishing wars and the Ku Klux Klan on the Gulf Coast of Texas, where a community of Vietnamese immigrants try to earn an honest living without taking too many shrimps from the mouths of local fishermen.

The French, of course, being then in the midst of *l'affaire Greenpeace*, had no great relish for yarns about sabotaged boats or threats across the ocean. But even with that negative predisposition the film is a flaccid piece of work: the "old-fashioned" side of dim-imaged humanist cinema that is being elbowed out ever more these days by myth and spectacle, or else shunted deservingly into the TV-movie slot.

The marvel of the French capital is that even during the country's deepest creative trough in its cinema history—with scarcely a single French film-maker at home or abroad making interesting films—the city is still abuzz with movie zeal almost wherever you go. Pause at a newspaper kiosk on the Elysées and your eyes are bombarded by a dozen movie magazines firing cover photos of Godard or Dépardieu or Adiani.

And whenever you turn on the television, you will find at least one channel dispensing something for movie buffs. A quiz show in which the stars themselves (Noiret, Deneuve, Bonnaire . . .) answer questions about world cinema; trailers, teasers and reviews of new films; and a regular slot for cinematic *trouvailles* from the past, like the exquisitely hand-tinted 1918 French silent film I caught one night, introduced by French TV's leading film pundit Frederic Mitterrand.

Mitterrand? Yes. The President's nephew, none other.

Nigel Andrews

For Saleroom and Records see Page XI

Opera

A true story in Paris

·CIANO Berio's three operas and are not. The first, *Opera* 70, revised '77), is an tract music-theatre extrava·a in which myriad frag·ıts of musical and dramatic me struggle to the surface brief existence and recogni·ı. The most recent, *Un rè in olto* (whose première I re·ved from the 1984 Salzburg tival), has perhaps the rest approach so far to a ventional story line, but is l essentially an act of ıaking an opera" which is the same time a reflection all the subordinate elements ı go to make up opera.

n between came *La vera ·ia*, the first collaboration h Italo Calvino (*Un rè* was second), which was first ·n at La Scala three years ago, ı which has just completed the Paris Opéra its second·r series of performances. ·e opening, last month, med almost exactly with the thor's death, and Berio dedi·ed the Paris staging to his mory.) This is perhaps the ·st substantial and most ad·ıturous of the three, for it ıstitutes an attempt to pay istic tribute to Berio's Italian erative predecessors — speci·ally to his much-loved Verdi while subjecting that tribute violent confrontation with e artistic chaos and confusion the present day.

The conception is novel, the tline brilliantly simple, the ecution at once elaborately ought and daringly bold. In · first act, Berio and Calvino ·oke Verdian archetypes — ·h as the mother-mezzo Ada, the high-voiced lovers Leonora and Luca, the villain-baritone Ivo — who swirl out of the teeming crowd to awaken passionate but distant memories of *Il trovatore* (direct quotation plays no part, for the musical manner of reminiscence deals much more generally, and generically, with its inherited material). In between the little scenes, each of them fixed *Ernani*-like with its own antique subtitle ("La condanna," "Il duello," and so on), a street-singer saunters on to specify in her *canzoni* the two Janus-faces of the work-in-progress.

In the second act, at 45 minutes in length about a quarter-hour shorter than the first, the same material returns — to be turned upside-down, inside-out, subjected to verbal and musical fragmentation techniques (familiar from *Laborintus* and *Coro*, to name only two major Berio scores that paved the way for his operas). Characters flit on as echoes of their former selves; the orchestra dominates the stage; only the outer parts of Act 1, notably the long finale-aria for Ada, are repeated more or less intact. The moral of the tale must be, in paraphrase what the street-singer announces near the end of Act 1: in every "true story" there is nevertheless always another story hidden somewhere.

In common with the other Berio operas, *La vera storia* contains all the elements of an intensely self-absorbed, self-conscious modern European art-work, hung up to date on all the latest modes and preoccupations of thought and style — in the programme notes there were several appearances of slogan-words like "analysis," "research," "synthesis." But, also in common with the other operas, what keeps Anglo-Saxon crypto-philistine impatience continually at bay is the animally affecting quality, the power and directness of Berio's music. It's a vast canvas, exciting in its massive display of forces, masterly in its control of them, richly soaked in lyricism (which Berio seems to have absorbed from Monteverdi and Mahler as well as Verdi), structurally secure in its underpinning.

But another production—and will this be the work that finally gives London its long-delayed Berio opera production? — should aim to expose the multi-faceted nature of the work to more simple effect, with far less of complicated, fanciful irrelevance. Lluis Pascal, the leading Madrid theatre director, put Act 1 on display with a certain rough epic vigour (though there was little here of the scintillating showmanship with which Götz Freidrich set a crowded stage buzzing in the Salzburg *Re in ascolto*). Act 2, however, declined swiftly into a pretentious mishmash — a mess of politico-theatrical gesturing, of extraneous agitprop business played against hideously cumbrous sets

The score must indeed be powerful — and under Sylvain Cambreling it was given fair measure by the Opéra forces—to hold the attention all the way through this carry-on! The leading parts require Verdi

Jacques Moatti

Milva

voices of grander character than Paris could supply; only the mezzo Livia Budai and the baritone Lajos Miller, leading Hungarian Verdians both, reached anywhere near the proper standard. As at La Scala, Berio's *cantastorie* was Milva — dressed by Versace in Act 1 and as a pierette in Act 2, who with every seductive rasp and sweet-sour inflexion (what a wonderfully expressive, flexible use of words!) secured her grasp over the whole house. In the process, she turned an immense potential embarrassment into one of the work's keenest pleasures.

Max Loppert

Radio

Incredible love

URSDAY marked the begin·g of Radio 1's campaign, *·ug Alert*, in which some ·ung people who have suf·d from their addictions publicly confide their ·blems, and there will be an ·n telephone line available anyone wanting help. (Dial ·5 500500, at local call rates ·rever you are.) The cam·n is to last a week. I will e about it again when I ·heard more of it.

› much for real life. In natic life, love conquers even credibility. Last week, ıad a woman social worker picked up a handy solici· at the magistrate's court ı little affair. In this week's ·day Play, Dorothy Ghar·i's *The Judge's Wife*, a y-appointed judge at a ·ck court in Northern ·nd, trying his first case ·der, of course), has his kidnapped and is black·ed by the IRA to acquit man. Although he knows house is being watched, by police and the IRA, spends a night with a er girl-friend, and she ·y takes the opportunity to nd upset his marriage.

·v, a judge, trying a case on weak evidence (the prosecution's best witness changes his mind halfway through the trial) and trying to cope with threatening phone calls, is a good situation. But to my mind, for the judge to have been so foolish lifts it beyond belief. Actually he was a pretty silly chap anyway and never reported his wife's kidnapping to the police, though he could have done so without risk behind the scenes at his Court. In the end he had to acquit the accused and his wife was restored to him; but, as the other woman observed, "That doesn't solve anything," and by God she was right, for hardly had the defendant left the dock than the threatening calls began to come in from the other side. John Rowe played the judge, Kate Flynn his frivolous wife and the direction was by Susan Hogg, from Belfast.

We are lucky to be able to discuss such political matters in our drama. On the same night that Radio 4 gave us *The Judge's Wife*, Radio 3 gave *Something Broken in Poland*, and what is broken there is the liberty of the theatre. In the happy days of the World Theatre Seasons we saw much Polish theatre, and, even if we were not able at once to follow the trails, we see now that it was generally packed with political symbolism. When Solidarity was accorded legal status, there should have been a great wave of new, unrepressed theatre; but martial law was imposed at the end of 1981 and the moment passed. Now Polish theatre still lingers in the shadows, though martial law has been lifted.

The 100th anniversary of the birth of D. H. Lawrence is being marked on Radio 4 with a three-part documentary, *Living at Full Flame* by Monty Haltrecht. It is not, or at any rate the first part last Sunday was not, a critical programme but a biographical one. We follow the young Lawrence from his home in Eastwood, hating his father, devoted to his mother, in passionate pursuit of physical satisfaction, which he seldom got in an orthodox way. He liked to lie naked among the primroses; he gave a non-sexual embrace to another boy at the baths; his girl-friend Jessie Chambers sent some of his poems to Ford Madox Ford at the New Review but that was not the way to "answer to his blood direct." In his early 20s teaching in Croydon, he met H. G. Wells, Ezra Pound, David Garnett (who thought him a "plumber's mate" kind of chap). His mother died; *The White Peacock* was published; he became engaged to Louie Burroughs and eloped with Frieda Weekley. It's a life of incident, but we have not yet spotted a great man.

B. A. Young

Solution to Chess No. 590

1 . . . P-R5 ch; 2 KxP, Q-Q8! and White resigned. If 3 QxQ, B-B7 mate or 3 Q-N2, Q-K8 ch; 4 Q-N3, B-B7.

WEEKEND FT

Continued from Page I

no automatic right for the USSR to act as host.

So London, backed by the Greater London Council, put in a bid offering a prize fund of SwFr 1m (£324,000). This was topped by the sealed envelope from Marseilles which contained an offer of SwFr 1.6m (£518,000). Then, Campomanes took the unusual step of telling the Russians how much the biggest bid was worth and asking them to match it —which they did. Following this, he persuaded them to donate 24 per cent of the prize fund to "Cacdec," a FIDE fund for "developing chess countries" which is administered by Campomanes alone.

The fund will get $200,000 from the Russians, which will effectively assist the prospects for Campomanes' re-election in 1986. Of course, the USSR federation has no intention of paying out vast sums to Karpov and Kasparov, and Campomanes knows it.

Kasparov told me in Moscow last week that the true prize fund was a mere 50,000 roubles (£43,000 at the official exchange rate). Coyly, the match programme states that Camomanes chose Moscow as the venue "by weighing the pros and the cons, as he puts it."

These matters are far from the minds of the thousands of Russians standing in rows six deep all round the cordoned-off Mayakovsky Square before the start of each game. A ticket for a good seat in the Chaikovsky is 3.5 roubles, but on the black market they are changing hands at 15 roubles. Even Red Army soldiers have been seen "selling on" tickets in the shadow of the nearest Metro subway station.

The onlookers are by no means all chess fans. Like the crowds at a Royal Variety performance in the UK, they are interested in catching a glimpse of the famous. As the players emerge from their black Zil limousines, the windows obscured by thick curtains, many of the women have eyes only for Kasparov's saturnine good looks. (His girlfriend is leading Soviet actress Marina Neolova, and they are unquestionably the most glamorous couple in town).

Inside the Chaikovsky—a model of neo-classical Stalinist construction—two giant demonstration boards flanking the real chess board relay the moves to the spectators. In the rows at the side of the stage sit the two delegations. These "back up" the players, with the result that Karpov and Kasparov always look up to see the faces of their enemies. But Kasparov usually stares into the third row of the stalls where Klara, his mother, sits in an almost permanent state of extreme agitation.

A perfunctory handshake is the only form of communication in which Kasparov will engage. During the first match, the players often discussed the game afterwards at the board. But when, after the second game of this contest, Karpov attempted to go over the game with Kasparov, the challenger stood up and stalked out without saying a word.

While the 34-year-old Karpov sits at the board in a relaxed manner, his chin resting in a thin hand, Kasparov tends to crouch forward, often clasping his head in his hands. This show of nervous aggression clearly irritates Karpov, who in a recent interview in Holland claimed his opponent often deliberately appeared nervous, when he was not. Another habit of Kasparov is to stare unblinkingly into his opponent's eyes for extended periods. In game 14, Kasparov did this even before making his first move. Karpov opened 1 P-K4. Instead of replying on the board, Kasparov just glared at his opponent for 30 seconds.

But if Kasparov hoped to elicit some emotion from the champion, he was disappointed. Karpov's high-cheekboned, slightly Oriental features remain immobile at all times. Only when he is angry with himself does Karpov show any emotion, and this is involuntary—the features remain impassive but his ears turn bright red.

During the five-hour playing sessions, Karpov sits at the board almost throughout. But Kasparov, after making his move, jumps up and strides off stage, brushing through the giant grey curtains at the back. Then, he enters a small, private ante-room in which he can sit in a more comfortable chair, eat and drink if he wants, and study the position on a closed-circuit TV screen.

As soon as Karpov moves, Kasparov strides back into the room, not opening a gap in the curtains with his hands but brushing them aside with his whole

It might be that Kasparov is set to become part of the Soviet Union's new image

body. This consistent display of aggression also is evident at the end of the session. Karpov usually exchanges a few words with the jury and ambles off the stage. Kasparov strides off instantly without even a backward glance.

The crowd is special. According to the U.S. international chess master, Jonathon Tisdall, who has covered many world championship matches for Reuters: "I have never known an atmosphere like it. It is even more tense than when Karpov played the Soviet defector Korchnoi." When Kasparov played an unexpected move in game 13, spontaneous applause broke out from his supporters, southerners more given to emotional outbursts than the solid Russians. Karpov's main supporters appear to be the Red Army soldiers scattered through the hall (Karpov plays for the Military Chess Club).

This week after 17 games, Kasparov was leading by 3/2 with 12 draws. The games are of a higher quality than any previous world championship match, according to Soviet Grandmaster Eduard Gufeld. He likens the contest to a boxing match in which the contestants are trading punch for punch in a form of vicious equilibrium.

Kasparov won the first game crushingly but lost games four and five. Then, in game 11, came the match's high point to date. In what looked to be an innocuous position, which the watching grandmasters had written off as a dull draw, Kasparov set a devilis htrap. If Karjov played the natural follow-up to his previous move, the challenger had prepared a queen sacrifice leading to a devastating attack.

After only a little thought, Karpov played the "logical move" (QR-Q1) for which Kasparov was waiting. The effect on the challenger was extraordinary: He loosened his collar and tie violently, as if he could hardly breathe for excitement. In a grotesque parody of a double take, he swivelled round to look at the unsuspecting audience. He then sat back in his chair, sprang forward and, with a thump, played the decisive queen sacrifice.

In the auditorium (so Tisdall told me) Viktor Baturninsky, head of Karpov's delegation and a former military prosecutor in Stalin's time, broke off in mid-conversation to exclaim "shto?" (what?) several times. In the analysis room at the top of the Chaikovsky, where Soviet grandmasters prepare their reports for TV, radio and the press, there was pandemonium.

Karpov quickly took the queen. But after Kasparov hammered out two more crushing moves, it was clear the champion's ironclad defences had been demolished. Even then, Karpov thought for five minutes before resigning: "In that time he must have aged ten years," says Gufeld. After Karpov extended his hand in resignation Kasparov instantly stalked out, leaving the champion seated as the auditorium shook with deafening applause and chants of "Garri, Garri" from Kasparov's ecstatic supporters. The crowd was still applauding as Kasparov's Zil sped down Gorki Street and back to the challenger's hide-out in the Moscow suburbs.

Speaking to me in the same car speeding through the outskirts of the city last week, Kasparov said he had somehow sensed Karpov would make the fatal blunder "but I can't put into words how I felt when he did it." The 22-year-old challenger seemed relaxed and confident, perhaps because he can sense the political wind is finally blowing in his direction: "Karpov is scared of the end of the match. This time, no one will come to his rescue. I have been assured of that, he declared.

The conventional wisdom in the West is that Karpov is the favoured son of the political establishment, battling against a half-Jew from the Soviet middle east. It is often forgotten that Kasparov became a Communist Party member at 19—seven years younger than Karpov. A year ago, at the Central Chess Club, I saw a framed photograph of Karpov being embraced by Brezhnev. I looked for it in vain last week. Perhaps it was being cleaned.

It might be that, as Gorbachev creates a new style of leadership—articulate, urbane, decisive—the young man from Baku is set to become part of the new image of itself that the Soviet Union wants to present to the outside world.

Sport

Europeans driving ahead

AS THE 1985 season draws to a close it is safe to say that it has been the most momentous year in the history of European golf.

Never since a group of intrepid Scottish professionals landed in the United States at the turn of the century to teach the game to an enthusiastic audience have European golfers achieved equality with their American disciples. Not since 1920 have European golfers been successful in winning two major titles in the same year.

The English giant, Ted Ray, won the U.S. Open championship in that year, while George Duncan of Scotland won the Open. But it took 50 more years before the next Britisher, Tony Jacklin, achieved the feat in 1970. Since then only the Australian David Graham has succeeded in winning the U.S. Open, in 1981. In 1965, however, South Africa's Gary Player beat Australian Kel Nagle in play-off for the title.

Since World War II our Open championship has been plundered by foreign invaders 35 times. On two of those occasions in 1979 and 1984 Spain's Sevvy Ballesteros was successful, and he is almost classed now as an honorary British person. But the sad truth is that before Scotsman Sandy Lyle triumphed at Sandwich in July only Fred Daly (1947), Henry Cotton (1948), Max Faulkner (1951) and Jacklin (1969) have been able to repel the foreign invasion. Of 35 victories recorded by foreigners the Americans have claimed 18.

The U.S. PGA championship has always been a closed book to Europeans. Since its inception in 1916 only Player (1962 and 1972) and Graham (1979) have broken through for the foreigners.

The U.S. Masters tournament, youngest of the four major titles, has become the happy hunting ground for overseas invaders. When Player became the first foreigner to triumph at Augusta in 1961 there was little cause for alarm. But when he repeated this tremendous feat in 1974 and 1978 the man in black really got the message across that Americans were not invincible on their own turf.

Since then Ballesteros has won twice in 1980 and 1983 before West Germany's Bernhard Langer recorded his notable victory last April, courtesy of Curtis Strange, the leading American money winner, who broke Tom Watson's previous record and currently has a massive $542,,321 to his credit.

Bernhard Langer, tipped as Golfer of the Year

Langer won the prestigious Heritage Classic a week later. And although Ballesteros tied for second place behind him in the Masters, and earlier won in New Orleans, Langer had the better of his European rival in winning $271.044 for 12th place in the money list to Ballesteros's $206.638 for 22nd place.

The extraordinary facet of the Spaniard's performance in America is that he only played 31 rounds there to Langer's 59. Ballesteros therefore averaged more than $6.600 per round, and only Langer of those above him on the money list played less than twice as many rounds. At the other end of the scale Nick Faldo (117th) and Ken Brown (118th) appear to have safely ensured their exempt status by finishing in the top 125, although there are still two tournaments to play this weekend and next.

But it was Lyle's Open championship triumph and the first European victory in the Ryder Cup match at The Belfry that really made the season so memorable. Our Ryder Cup record had been truly absymal until a surprisingly resolute performance in Florida in 1983, when the third European team lost by a single point.

The British and Irish had previously won just once since the war, at Lindrick in 1957. Britain and Ireland won twice pre-war against four defeats since the match originated in 1927. When the Europeans were brought in to bolster our team in 1979 and 1981 the results offered no encouragement. But the showing in Florida at last held out high hopes.

The splendid performances of Lyle, Ballesteros and Langer before and since made the real danger at The Belfry an unlikely one—complacency. But our chances were further improved when the U.S. Open and U.S. PGA championships were captured by two such unlikely winners as Andy North and Hubert Green, who thus automatically qualified for the American team. Both had been struggling in oblivion for years. When Tom Watson failed by the narrowest of margins to qualify for the American team I became so convinced the Europeans had a favourite's chance I even turned down an invitation to travel with the American party.

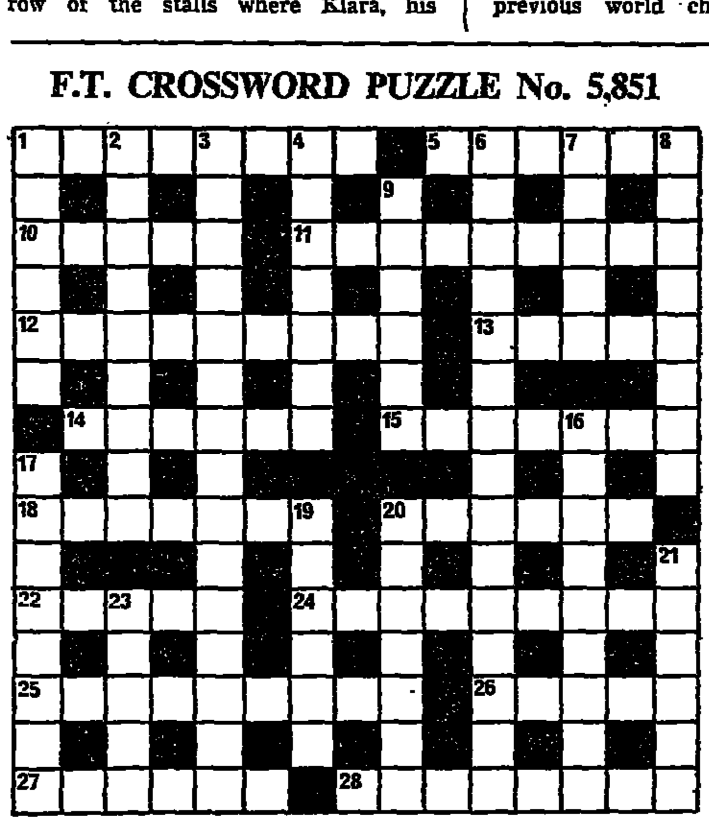
Besides Lyle's stunning victory at Sandwich and the European triumph at The Belfry, however, recent events in Europe have further underlined the paucity of the American challenge in an arena they once plundered at will. Since the Open, Australians Graham Marsh and Ian Baker-Finch have won the Dutch and Scandinavian Opens, and America's Craig Stadler, the European Masters in Switzerland. But against this Britain's Howard Clark took the Glasgow Open in sudden death against Lyle, while the latter came back the following week to beat another Ryder Cup team mate Ian Woosnam, who had closed with a record 62 in the Benson and Hedges.

Since then Langer has won the German and European Opens and Ballesteros the Sanyo Open in Spain and the Suntory World match play championship, beating Langer in the final for the second successive time and winning the event for the fourth time in the last five years. Of three Americans only North reached the semi-final.

What I am coming to, albeit in a roundabout way, is this. In their own parochial manner the Americans will shortly decide on a Player of the Year, who will probably be Strange or Lanny Wadkins. In my humble opinion Langer, Ballesteros and Lyle are all far more deserving of such a title. And, because he won the Australian Masters as well as the American version, I give Langer my vote by the narrowest of margins.

Ben Wright

F.T. CROSSWORD PUZZLE No. 5,851



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

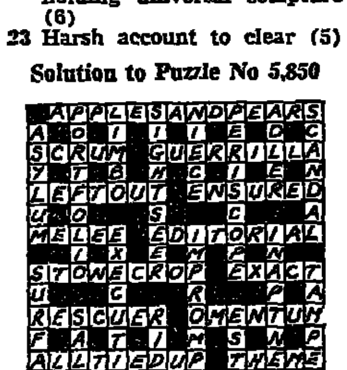
ACROSS

1 Darling craft? (8)
5 Abstract and not quite explicit (6)
10 Brisling, the nurseryman (5)
11 Out of Mecca, this question-and-answer book? (9)
12 Not straight batting from the time of Yorkshire's tail-enders (9)
13 Signal for drivers waiting for the green (5)
14 Lucky thing Minehead has a tax! (6)
15 Times do change for a dressmaker (7)
18 Treacherous woman greeted in retirement, long embraced (7)
20 Jumbo-pilot from the subcontinent (6)
22 Pack-animal has a long drive back (5)
24 Limit for prisoners duped say (9)
25 Casting off is about right for making waste-paper (9)
26 Broken stein needs a piece fitted inside (5)
27 Wherein the shunter is supporting one group against another (6)
28 Care for a girl (8)

DOWN

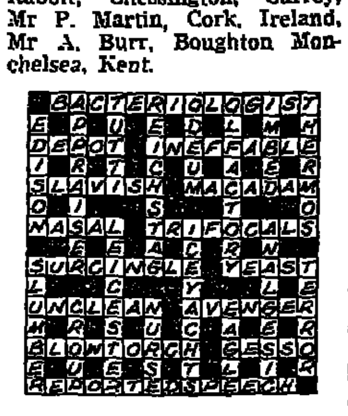
1 Fair Maid of Perth? (6)
2 Everybody on lots of trees to nip in the bud? (9)
3 England acrobat I injured is tended in Kew (9, 6)
4 Very old, like Iago for example (7)
6 Play opened by Gloucester at start of new season? (7,3,5)
7 Clear leader, member has to rise in society (5)
8 Divers rest disturbed in the county (8)
9 Burn lots of paper on street (6)
16 French banger taken out sans souci? (9)
17 Eastern dishes preferred to sultanas? (8)
19 Frantic, he caught Olympic finalists (6)
20 Concert ready to start? Here is the conductor (7)
21 New York, for instance, holding universal sculpture (6)
23 Harsh account to clear (5)

Solution to Puzzle No 5,850



SOLUTION AND WINNERS OF PUZZLE No 5,845

Mr O. Slocock, Bristol, Mr R. Pearce, Coventry, Mr E. Rabbit, Chessington, Surrey, Mr P. Martin, Cork, Ireland, Mr A. Burr, Boughton Monchelsea, Kent.



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 What-A-Mess. 8.35 Children Of Fire Mountain. 9.00 Saturday Superstore. 12.15 Grandstand, including 1.00 News Summary; Football Focus with Bob Wilson; Motor Racing (The Marlboro British Formula 3 Championship and the South African Grand Prix); Snooker (The Rothmans Grand Prix); Rugby League (Great Britain v New Zealand) and at 4.10 Classified Results. 5.05 News. 5.15 Regional Programmes. 5.20 The Tripods. 5.45 Terry And June. 6.15 The Noel Edmonds Late Late Breakfast Show. 7.05 Bob's Full House. 7.40 Juliet Bravo. 8.35 The Paul Daniels Magic Show. 9.15 News and Sport. 9.30 Murder One. †11.10 Saturday Movie Classic: "The Philadelphia Story," starring Cary Grant, James Stewart and Katharine Hepburn.

BBC 2

12.40-1.30 pm Open University. †1.35 Saturday Cinema Double Bill: 1.35 "The Spy In Black," starring Conrad Veidt and Sebastian Shaw, and at 2.55 "Honeymoon," starring Anthony Steel, Ludmilla Tcherina and Antonio. 4.20 The Sky At Night. 4.40 Snooker. 6.00 Deutsch Direkt! 6.55 The 20th Century Remembered. 7.25 News and Sport. 7.40 Saturday Review. 8.30 "Natasha": the Russian ballerina Natalia Makarova performs solos and dance duets, and a special number, "Natasha," by Norman Maen. 9.35 Snooker. 10.15 Harty Goes To New York. 10.45 The South African Grand Prix. 11.20-12.35 am Snooker.

LONDON

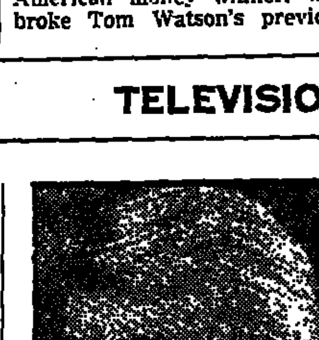
6.55 am TV-am Breakfast Programme. 9.25 TX. 11.00 The Baron. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Bowls (Liverpool Victoria Insurance Superbowl). 4.15 Benson. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Child's Play. 7.00 Game For A Laugh. 7.45 3-2-1. 8.45 Dempsey And Makepeace. 9.45 News and Sport. 10.00 LWT News Headlines followed by Darts—World Cup Final from Australia. 12.00 Farm Aid—Part 1. 1.30 am Police Squad. 1.55 Night Thoughts.

CHANNEL 4

12.00 Golf: Dunhill Cup from St Andrews. 1.15 pm Murun Buchstansangur. 1.20 Channel 4 Racing from Kempton. †3.35 "Background To Danger," starring George Raft. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 The Cornes and Other Folk. 7.00 News Summary followed by 7 Days. 7.30 Union World. 8.00 Beats Of The Heart. 9.00 Upstairs Downstairs. 10.00 Hill Street Blues. †11.00 Coming Next . . . 11.30 Golf: Dunhill Cup (highlights of today's play). 1.00 am The Paul Hogan Show.

S4C WALES

12.00 Dunhill Cup Golf. 1.20 pm Racing from York and Kempton. †3.30 Feature Film: "The Whole Truth," starring Stewart Granger with George Sanders, Donna Reed and Gianna Maria Canale. 5.00 Gardeners' Calendar. 5.30 Upstairs, Downstairs. 6.30 Class of '39. 7.00 Newyddion. 7.15 Ar Y Ffordd. 7.45 Taro Bagen. 8.15 Chateauvallon. 9.15 Y Maes Chwarae. 10.35 Beats Of The Heart. 11.35 Dunhill Cup Golf.



James Stewart in The Philadelphia Story, BBC 1, 11.10 pm

REGIONS

RADIO

SUNDAY

† Indicates programme in black and white

BBC 1

BBC 2

LONDON

CHANNEL 4

S4C WALES

Simone Signoret and Laurence Harvey in Room at the Top, Channel 4, 10.15 pm

REGIONS

RADIO